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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2338



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INTERNATIONAL AFFAIRS

GDR JOURNAL ON PROBLEMS OF INTRA-CEMA TRADE, DEBT TO USSR

West German Commentary

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 18 Oct 82 p 7

[Article by 'GZ,' datelined Berlin, 17 October: "Difficulties in Trading Within East Bloc." A translation of the article by GDR professors Brendel and Dubrowsky, cited below, follows this commentary]

[Text] Under the neutral headline, "Trends in Trading Among CEMA Countries," i.e. in the trade among the communist states, Gerhard Brendel and Hans-Joachim Dubrowsky at the GDR Bruno Leuschner School for Economics are writing about a subject heretofore hardly ever dealt with in public: the consequences of the raw material and energy price hikes for countries poor in raw materials like the GDR.

The authors make the point that net raw material importers among the CEMA countries had to provide increasing volumes of export goods since the mid-1970's to pay for equal amounts of raw material. As most of these countries had not been in the position to boost their exports short range at a necessary volume, the Soviet Union had partly given credit for raw material deliveries. Great imbalances had been created in some CEMA countries' trade with the Soviet Union which should have to be canceled out in the 1980's through commensurate surplus exports. Due to this fact, in western economics also referred to as a "worsening of the terms of trade," there will "continue a strong concentration in the trading of goods of almost all CEMA countries on the trade with the Soviet Union."

The authors further point to a circumstance which has so far only been publicly alluded to in a language intelligible to specialists or known to experts familiar with figures. They announce that in consequence of the further deterioration of extraction conditions for raw material and energy and the higher costs in the Soviet Union bound up with that in the 1980's, "further delivery increases for a number of raw materials and fuels are not possible. To the 1981-1985 trade agreements, therefore, only such volumes were admitted for various raw materials as had been attained by 1980." Brendel and Dubrowsky furthermore call to attention that the GDR--as other East Bloc states--not only had to deliver more export products (such as ships, railroad cars and, mainly, machines) but also make labor available, e.g. for the construction of the new oil pipeline from the West Siberian Urengoy.

GDR Scholars' Analysis

East Berlin DEUTSCHE AUSSENPOLITIK in German Vol 27 No 10, Oct 82 (signed to press 10 Sep 82) pp 30-46

['Investigations and Surveys' feature article by Prof Dr Gerhard Brendel and Prof Dr Hans-Joachim Dubrowsky, Bruno Leuschner School of Economics, East Berlin: "Trends in Trading Among CEMA Countries"]

[Text] For all CEMA member countries reciprocal trade relations are the most important area of their international trade. That is motivated politically as well as economically. The communique on the 35th CEMA session, where an assessment was made of the fulfilment of the comprehensive program in the first 10 years of being implemented, states: "The socialist principles for mutual relations, the much more favorable economic conditions for cooperation in comparison with the world market, and the stable economic ties according to plan guarantee the CEMA countries real advantages for boosting their productive forces and solving their socioeconomic tasks."¹

Particularly the current epoch of the confrontation policy, engaged in by the most aggressive imperialist, especially the U.S., circles brings out clearly the fundamental importance for each member country of the mutual economic relations and the CEMA countries' socialist economic integration. In the 10th SED Congress directive on the 1981-1985 GDR five-year national economic plan, under the impact of the changing international situation, it was once again reiterated that purposefully reinforcing the socialist economic integration with the USSR and the other CEMA member countries formed a crucial prerequisite for continued stable economic and social development in the GDR. "Thereby the GDR is more and more firmly bound up with the community of socialist states and its main force, the USSR."²

As an objective component of the various economic relations and of the CEMA countries' economic integration, mutual trade therefore has not only an economic function. It also is a means for implementing the CEMA states' political strategy to foster and fortify the unity and cohesion of the community of socialist states through ever closer cooperation also in the fields of science, technology and production.

Mutual trade is of primary importance to all CEMA countries, however, not only for political considerations. Its primacy also arises from the economic vantage point. In quantity, it is the largest share of foreign trade in all CEMA countries. It meets the largest share of the CEMA countries' import needs, in certain energy sources and raw materials up to 100 percent, in machines and equipment up to circa 70 percent, and in consumer goods up to approximately 60 percent.³

Though there are considerable differences among the various CEMA countries in the ratio between mutual trade and overall foreign trade, the ratio still is in all CEMA countries the largest of all four economic regions with which the CEMA countries engage in foreign trade (cf. Table 1 in the Appendix).

It attests to the CEMA countries' determination purposefully to expand economic relations with the states of the capitalist world economy system on behalf of making the peaceful coexistence policy prevail that the share the capitalist industrial countries hold in the overall foreign trade of the community rose significantly in the 1970's, from 23.7 percent in 1970 to 31.1 percent in 1980. It is to be taken into account that the increasing share partly is due to the fact that the prices in the trade with capitalist states rose faster than in mutual trade among the CEMA countries. But then also, due to boycott and embargo measures, import restrictions and attempts at blackmail, by no means all opportunities for mutual advantage have been fully exhausted. The share of the developed countries rose at the same time, from 9.1 to 11.7 percent. That expresses the CEMA countries' consistent policy on extending economic relations with that group of states on an equal and mutually advantageous basis.

The reaction by the most reactionary forces in the West to an exacerbation of the international situation in the second half of the 1970's also induces a change of trend in foreign trade. The CEMA countries' trade dynamics with capitalist industrial countries has in tendency already been reversed. Most CEMA countries planned to increase the share of mutual trade in their overall foreign trade up to 1985. In 1981, the CEMA countries' mutual trade once again rose faster than their overall foreign trade, from 11.3 to 19.7 percent.⁴ It came to a share of 55 percent in the CEMA countries' total trade.

In the 1980's mutual trade will become still more important than it was for all CEMA countries and requires a most purposeful development of them. This does not mean a turn to autarky but is an indispensable prerequisite for stable development in each CEMA country. The 10th SED Congress directive for the 1981-1985 five-year plan states, for instance: "Trade with the USSR and the other CEMA member countries will continue to form the solid basis for the GDR's entire foreign economic activity. Circa 70 percent of the GDR's international trade is to be transacted with the countries of the socialist economic region."⁵

Mutual Trade According to Plan

A basic criterion and decisive advantage of the CEMA countries' mutual trade is its being carried out according to plan. An important basis for it is the public ownership in the means of production in all participating countries and the socialist state's foreign economy monopoly, including its foreign trade monopoly, resting on that foundation. The CEMA countries' foreign trade is in various forms included in their planning cooperation and predetermined thereby over the long range.

The CEMA countries in the 1970's concluded important accords that greatly affect the mutual trade in its scope and in its commodity and regional structure. Here we must primarily refer to the long-term cooperation target programs in ensuring energy and raw materials, in agriculture and the foodstuffs industry, in machine building, transportation and industrial consumer goods.

Of a great importance of principle also are the long-range international specialization and cooperation programs up to 1990, concluded mainly between the Soviet Union and the other European CEMA countries. But also a number of

long-term cooperation accords on selected fields with extra-European CEMA countries have created a long-range stable basis for mutual trade. The centerpiece of organizing the CEMA countries' economic relations according to plan--and thus also of their mutual trade--is, in accordance with the special place five-year plans hold in all CEMA countries' economic mechanism, this plan coordination among the CEMA member states. Concrete commodity listings are an element of this coordination, through which the chief mutual trade positions are coordinated for a five-year plan period. That also entails a summarization of the delivery accords already in force from cooperation agreements on the construction of joint integration projects, of production specialization and cooperation, and other long-range agreements.

On the basis of their five-year plan coordination documents, the CEMA countries sign trade agreements for any given five-year plan which make more specific and, if need be, supplement the mutual trade commodity listings. Being mandatory in character, they offer the participating socialist states an important basis for the planned development of their economies and therefore are of great value to all CEMA countries.

The trade agreements, including the annual protocols, form the basis for concluding foreign trade delivery contracts among the CEMA countries' official foreign trade enterprises. Concluding them in mutual trade is greatly facilitated by the CEMA countries having collectively settled essential contractual considerations, set prices in accordance with jointly determined pricing principles that apply to all commodities, and applied a uniform contract and payment currency (the transferable ruble). Also generally in effect in the CEMA countries' trade is a uniform immediate payment condition, cash with acceptance. Bilateral delivery contracts and settlements have been made extremely rational. It saves all participating states much work.

The high degree of internationally uniform and mandatory rules for their mutual trade and the character of these rules indicate the CEMA countries make much use of the opportunities provided by the special character of public relations among socialist states. Such rules in many respects are models for shaping international economic relations based on the partners' complete equality, as on principle provided for in CEMA.

Mutual Trade Development

Trade among the CEMA countries came to 3.3 times as much in 1980 as in 1970 and reached a total of 121 billion transferable rubles in 1980 (cf. Table 2 in the Appendix).

Along with increased physical volumes it is the price trend that also shows in the trade turnover volume. Thus far the biggest price changes in the CEMA countries' mutual trade came in the second half of the 1970's. They led to significant shifts in the price level as well as in the price relations on the international CEMA-country market. Price changes had a bigger influence than ever on the trade turnover among the CEMA countries.

In view of the fact that the CEMA countries in their pricing policy for their mutual trade take their clues from the chief international commodity markets' prices and those markets experienced a raw material price jump in 1973 and 1974, especially also in energy sources, the CEMA member states now had to solve the complicated problem of setting prices thereafter in their mutual trade. Unanimously agreeing that the price trend on the chief international commodity markets was primarily governed by objective developments, the CEMA states decided to follow the long-term price trend on the chief international markets as of 1975. They jointly determined they would now no longer, as they had done before, set down prices in mutual trade stably for 5 years at a time (i.e. the period for which long-term trade agreements are in effect) but revise them annually, basing them on the average of the chief commodity market prices during the 5 years previous to the year of delivery.

That meant an accommodation to the new international price level and relations, while simultaneously a gradual transition was agreed upon which would make it easier for raw material importers in CEMA to adapt to the new conditions. This rule demonstrated the ability the states have that are united in the socialist community to find acceptable solutions for all by making their common interests the basis of it and showing consideration for the specific interests of each CEMA member country. High tribute has been paid to that at the party congresses of the communist and workers parties in the CEMA countries. At the 26th CPSU Congress, e.g., it was stated: "Problems arising in our cooperation we solve together. We seek ways for best combining the interests of the various fraternal countries with the joint interests. That applies, e.g., to setting preferential prices for oil, natural gas and other raw materials and for industrial products the CEMA countries supply to each other."⁶ This point was underscored in the SED Central Committee report to the 10th party congress: "Extensive imports in oil, natural gas and other raw materials from the Soviet Union, ensured on a long-range basis, are of great advantage to the GDR. Due to CEMA's pricing principles we import those goods at prices which, especially in energy sources, will also in the years ahead be lower than they are on the capitalist world market."⁷ At the same time the 10th party congress pointed out that those prices would however rise considerably also in the trade among the CEMA countries.⁸

Price alterations on the CEMA countries' international market have had and have significant effects on mutual trade. Among those effects are, for instance:

First, net raw material importers among the CEMA countries must make available ever larger volumes of export commodities since the mid-1970's to pay for equal values of raw material.

Second, because most of these countries could not increase their exports to the extent necessary over short range, the USSR extended credits for some of its raw material shipments.⁹ It gave rise to great imbalances in some CEMA countries' trade with the Soviet Union which have to be canceled out in the 1980's through commensurate surplus exports.

Third, Price hikes for raw materials, especially for energy sources, have put pressure on cutting back raw material imports and on a high raw materials economy.

There was then also the need to put more effort behind developing the export of modern finished products high in intrinsic value.

Fourth, the Soviet Union's predominance in supplying the other CEMA countries with raw materials also, in view of the price trend discussed, continues almost all CEMA countries' strong concentration on trade with the Soviet Union.

In taking care of the long-term 1981-1985 trade agreements, account must be taken of the changed domestic and external reproduction conditions of the CEMA countries in the 1980's. These domestic and external changes imply conditions that may either promote or obstruct growth, which also have to be taken account of in this dialectics for the further trade development among the CEMA countries.

Which changes in the 1980's must be paid attention to especially? Let us emphasize only the following:

- The magnitudes achieved in the CEMA countries' cooperation in the 1970's provide a sound basis for further accelerating the transition to an all-round intensively expanded reproduction. Here all CEMA countries face the task to ensure a fast growth of the economic end product while their energy, raw material and labor resources stay what they have been or grow but slightly;
- the socialist economic integration processes will be reinforced by focusing the integration measures more at qualitative growth factors;
- the scientific-technical progress will accelerate further and include new fields of application, which requires coordinated efforts of the countries to raise its economic efficacy;
- all European CEMA countries will seek further qualitative improvements of their production and foreign trade structures, an emphasis being placed on a higher product refinement strategy;
- the international class struggle situation, especially the U.S. arms buildup policy and the increased discriminatory and embargo measures against the CEMA countries, requires more economic integration among them and intensifying their coordinated dealing with third countries; and
- foreign and domestic expenditures for extracting energy sources will rise further.

The main impulse for a continued dynamic development of mutual trade relations therefore will come from an accelerated transition to an all-round intensively expanded reproduction in the European CEMA countries, which implies a greater use made of socialist economic integration, it being characteristic of developed socialism. The assessment of the long-range 1981-1985 trade agreements made at the 61st conference of the standing commission for foreign trade suggests that the mutual trade volume in the current five-year plan should exceed that of the 1976-1980 period by 60 percent.

Specific Problems in Raw Material Trade

Among the most important accomplishments of CEMA cooperation lies supplying the member countries' economies with energy, raw materials and fuels primarily out of their own sources. Through long-term prognoses, avoiding one-sided energy sources development, and a direct cooperation on many projects ensuring long-range requirements for energy, raw materials and fuels, the CEMA countries succeeded in meeting the constantly rising economic demands primarily by extracting

... and other. As natural resources are unevenly distributed in the CEMA region, mutually supplying each other with important raw materials is of outstanding importance. That the USSR is playing a leading role in this is well known.

... and even before deliveries from the Soviet Union to most of the CEMA countries increased considerably. Table 3 of the Appendix furnishes information for some selected products.

... in deliveries imposed great efforts on the extractive industries. Because of the further worsening of the extracting conditions and the strongly rising costs connected with it, further delivery increases of a number of raw materials and fuels are not possible in the 1980's. Only intra-CEMA trade agreements only such volumes, therefore, are admitted as had been attained by 1980. This significantly requires rigorous measures in the energy and materials economy including rational use and higher refinement of available raw materials in all CEMA countries.

At the same time, further deteriorating extraction, mining and transportation conditions for important raw materials and fuels will enforce a targeted continuation of cooperation by interested CEMA countries, more and more also to ensure the already high level of raw material deliveries. In addition then there comes the assignment of labor from raw material importing countries to the supplying countries--as indicated by the GDR's participation in the construction of the new oil pipeline system in the Soviet Union.

For many countries invested considerable means within the investment participation framework in the raw materials and fuel sector in the 1970's. The 10th SED Congress pointed out that the raw material imports for the 1980's agreed on to a large extent the result of joint efforts. For example, the GDR took part in oil and gas transportation projects in the Soviet Union, in constructing the Kiyembay asbestos combine and the Kiyembay asbestos combine and is even participating in the construction of additional projects in the Soviet Union and in other CEMA countries (cf. Table 4 in the Appendix).

... the situation in the CEMA countries' mutual trade in raw materials ... of that commodity group in mutual trade will decrease ... physical volume. In view of further significant price increases for these goods on the CEMA countries' international market, it is highly probable that this commodity group shown at current prices will act ... for that decrease.

15. Machines

... machinery and equipment in the CEMA countries' mutual trade has ... the largest sector. Despite lower price increases than in ... raw materials and fuels, the share this commodity group holds in ... trade rose from 39.7 percent in 1970 to 41.1 percent in 1980. The ... exporters in intra-CEMA trade are the Soviet Union, the GDR and ... The proportion of machines and equipment in most CEMA countries' ... much more alike at the same time (Table 5 in the Appendix).

In the mutual relations among the CEMA countries, the USSR is the biggest exporter and importer of machinery. In 1980, the Soviet Union exported machinery to the CEMA countries at a value of R 5.7 billion. Metal-cutting machine tools with digital controls, machines for noncutting shaping, electrical engineering and energy installations, mining equipment, rolling mills, tracked vehicles, tractors and farm machines, machines for the foodstuffs and textile industries, and automobiles and trucks hold the lead in Soviet machine exports. In 1980, the USSR imported from the CEMA countries machines, equipment and means of transportation worth R 9.8 billion. During the 1976-1980 five-year plan period the CEMA countries supplied circa 40 percent of the Soviet navy's requirements in new ships and 35 percent of the requirements in trailers.¹⁰

The most critical change in the CEMA countries' mutual machine trade in the 1970's was the great delivery increase based on international production specialization and cooperation agreed upon according to plan. This is a fundamental process of socialist international division of labor which also is the centerpiece of socialist economic integration. By means of production specialization and cooperation the CEMA countries can achieve important concentration effects and thereby contribute to efficiency improvements of social labor in their economies.

Mutual shipments of specialized machine construction products rose from R 1.3 billion in 1970 to 9.1 billion in 1980. Their proportion to total deliveries of machines and equipment came to 34 percent in 1980.¹¹ In 1980, the circa 120 multilateral and 660 bilateral production specialization and cooperation agreements in effect in machine construction alone embraced more than 10,000 commodity positions. The export of specialized machine building products in the CEMA countries' mutual trade increases circa twice as fast as the total export of machines and equipment.

What tremendous development this field has seen in the first 10 years after the comprehensive program was adopted is also shown by the example of the GDR. Whereas in 1970 the proportion of specialized products in the GDR's exports to the other CEMA countries came to only 1 percent, by 1981 it had climbed to 31 percent, in the trade with the Soviet Union even to 42 percent.¹² What now mainly matters for the 1980's is to concentrate machine building specialization and cooperation on areas that will make possible a fast application of the latest scientific-technical data and, hence, high intrinsic effects for the economies. A greater contribution also still has to be made to forming an efficient industrial and export structure. In the 1980's too the trade in machinery, especially that in specialized products, will develop faster than total intra-CEMA trade. In 1985 mutual trade is to increase by 38 percent over 1980 at comparable prices and that of specialized products by 48 percent.¹³

Of fundamental importance in this context is signing long-term international specialization and cooperation programs for the 1980's, principally between the Soviet Union, it being the chief integration and trade partner of all other CEMA countries, and the European CEMA member states. These programs not only relate to the various branches in machine building but also lay a long-term and stable foundation for the international division of labor and, hence, for mutual trade in almost all fields between the economies. The GDR alone has

concluded 35 branch agreements in support of the long-term program with the USSR. An accord on firm lines of international division of labor with the most important integration partner in CEMA is going to concentrate more still the trade of many CEMA countries on relations with the Soviet Union in the 1980's. Thereby the participating countries avail themselves of new growth factors and opportunities for resorting to the advantages of socialist economic integration.

Furthermore, in such a trade concentration on one country, it is necessary to take that country's needs more into account in structuring exports over long range.

The USSR intends to boost its machine exports to R 35 billion in the 1981-1985 five-year plan period and at the same time to import machines and equipment from socialist countries worth R 60 billion.¹⁴

Mutual trade in machinery is going to gain importance in the trade among the CEMA countries in the 1980's for several reasons. Two of them ought to be mentioned at this point: for one thing, the further growth in mutual trade in the 1980's, in view of the relative decrease in the share of raw material trade, will primarily have to be carried by machine trade. The trend of reciprocal machine trade thus will greatly determine the rate of development in the CEMA countries' trade. That is true all the more for Soviet exports. Secondly, machine building in the CEMA countries and reciprocal machine trade face the task to make a crucial contribution to enforcing the economic strategy for the 1980's in the direction toward intensification. Through their mutual trade, the CEMA countries must more than before supply the most modern equipment and installations making possible an important contribution to efficiency improvements in all participating countries. We must rapidly boost the proportion of equipment for advanced technologies, robot technology, equipment making much use of microelectronics and so forth. The degree now attained of satisfying import requirements by mutual deliveries of circa 70 percent has to be raised further. That also is an urgent need in view of increasing difficulties political and economic in nature with imports from Western countries.

CEMA has already made important decisions and concluded significant agreements in this field. The 35th CEMA conference deemed it necessary to accelerate the joint development of machine aggregates for extracting natural resources in surface working, building far-flung gas pipelines, and developing energy-saving equipment and modern means for controlling production processes, so as to ensure their production on the basis of cooperation as of circa 1986. Eight CEMA countries have concluded a "government agreement on creating a uniform and unified basis for electronic products and special technological equipment and for semiconductor materials and special working materials for their production." A "cooperation program for creating and broadly using microprocessors" has been ratified. Based on long-term accords signed even earlier, mutual supplies in modern computer technology will roughly be doubled in the 1981-1985 five-year plan period compared to the previous one.

The Inclusion of Cuba and Vietnam

Among the peculiarities of the CEMA countries' mutual trade in the 1970's was that two other socialist states became CEMA members and thus were included in the member countries' mutual trade, Cuba in 1972 and Vietnam in 1978. Both countries find in the CEMA countries their most important trade partners and trade with the Soviet Union to be of the greatest importance.

In the 1976-1980 period, for which the first long-range USSR-Cuba trade agreement was signed on the basis of the first plan coordination between them, the Soviet Union became the sole or the main supplier of such important products of vital need to the Cuban economic development as petroleum and petroleum products, fertilizers, crude iron, ferrous metal rolled stock, cotton, grain, means of transportation, tractors and other farm machinery, road building machinery, foodstuffs and various industrial commodities.¹⁵

Cuban shipments to the CEMA countries concentrated on sugar, nickel concentrate and citrus fruits. Especially in sugar and citrus fruits deliveries were greatly increased. That is being stimulated, on the one hand, by the European CEMA countries' targeted assistance to the further development of those economic branches and, on the other, by favorable trade policy conditions, e.g. by granting preferential prices for Cuban supplies.

Of special importance for the further development of the other CEMA countries' trade with Cuba is the general agreement concluded for the 1980's on a comprehensive production development and the industrial processing of citrus fruits on Cuba and the multilateral agreement on developing the Cuban sugar industry.

Along with Cuba, those who take part in the citrus fruit general agreement are Bulgaria, Poland, the GDR, the USSR and the CSSR. The program for the development of citrus fruit production on Cuba on which that general agreement is based, according to GRANMA, is the largest agro-industrial program prepared for the CEMA framework thus far. Considering that circa 95 percent of Cuba's citrus fruit exports goes to the socialist countries, a joint development of this important export branch of the Cuban economy makes a lot of sense.

Cuba thus receives favorable opportunities to specialize in large enterprises in the production and processing of citrus fruit. The acreage for such fruit is therefore being significantly expanded and export is being developed. In 1960, e.g., only 1,600 tons were exported, in 1980 already, as much as circa 200,000 tons. In 1985, the socialist countries alone are to receive 800,000 tons, and in 1990, the five CEMA countries mentioned that are taking part in the expansion of production and processing, 1.5 million tons.¹⁶

The general agreement leads to a multifaceted trade relationship among the CEMA countries involved. The European CEMA countries mainly supply equipment, as for processing enterprises. Some grant Cuba extensive credits in this connection, the GDR included. Altogether the five mentioned CEMA countries involved are putting up 272 million transferable rubles for the 1981-1985 period and somewhat of an identical sum for the 1986-1990 period.¹⁷

multilateral agreement on the development of the Cuban sugar industry are important, along with Cuba, the main sugar importers among the CEMA countries: the USSR, the GDR and Bulgaria. They are going to guarantee shipments of equipment and technical assistance at a level of approximately 725 million in transferable rubles¹⁸ (1981-1985, circa 425 million, 1986-1990, circa 300 million transferable rubles). With the assistance from CEMA countries, 14 new sugar refineries are being built on Cuba and another 14 are enlarged and modernized. The Soviet Union alone supplies the equipment for 11 new refineries. The GDR is going to supply for almost all of them the energy installations and the electrical engineering equipment. As the result of such extensive cooperation, Cuba is going to increase its sugar deliveries to the countries involved still further.

Vietnam, likewise, by being admitted to CEMA, receives great opportunities for trading with other CEMA countries. Already these countries carry a share of more than 70 percent in Vietnamese foreign trade. Deliveries from the other CEMA countries in recent years came to 95 percent of Vietnam's imports in steel, 90 percent in gasoline and petroleum, more than 80 percent in consumer goods, 90 percent in fertilizers and 95 percent in various machines and equipment.¹⁹ Thus far, with the assistance from CEMA countries, more than 400 industrial and transportation objects have been established, and more than 40 state farms and high-performance pumping stations. The Soviet Union alone is involved in 120 different objects. Those that were built with the assistance of the CEMA countries today produce in Vietnam 90 percent of the hard coal, 100 percent of the tin, superphosphate and sulphuric acid, more than 60 percent of the machine tools and large portions of the tea, coffee and citrus fruits. For the 1980's, all CEMA countries have signed long-range accords on further supporting and extending the trade relations.

on the Soviet Union's Role in the Reciprocal Trade

The USSR is the main force of the socialist community of states and the center of socialist economic integration.²⁰ It follows from that that the Soviet Union is also the chief trade partner of all CEMA countries in intra-CEMA trade and in overall foreign trade. In the reciprocal trade with the CEMA countries, the USSR holding a share of nearly 40 percent, holds the first place and is vastly ahead of the others.

The special importance of the Soviet Union's trade for all other CEMA countries has political and economic causes. The latter includes, for example:

First, the USSR has the largest scientific-technical potential among the CEMA countries. So it is predestined as the partner to scientific-technical cooperation as the foundation for reciprocal shipments later.

Second, the USSR has the largest production potential among the CEMA countries and the broadest range in its production profile. That gives rise to favorable opportunities for diversified production cooperation, including particularly through production specialization and cooperation and the long-range stable reciprocal deliveries resulting therefrom.

Third, on USSR territory the largest raw material deposits of the community are located. Due to the Soviet Union's internationalist stance that makes its natural resources also available for supplying the other CEMA countries, these deposits become the basis for extensive raw material deliveries in reciprocal trade.

Fourth, the USSR offers all other CEMA countries the largest sales market. That makes possible mass produced volumes for most exports to the Soviet Union and, hence, favorable conditions for a rational export production in the other CEMA countries.

Fifth, the USSR is the biggest supplier of machines in CEMA and supplies the other CEMA countries with important special installations such as nuclear power plants and hydroelectric plants.

An expression of the important and further growing role of the Soviet Union in the reciprocal trade with the CEMA countries is the USSR's constantly rising important trade volume with the other CEMA countries. From 1971 to 1980 it came to circa R 280 billion, compared with R 90 billion in the previous 10 years. For the 1981-1985 period, R 260 billion are anticipated as compared to circa R 190 billion in the 1976-1980 five-year plan period.²¹

The development of the Soviet Union's trade with the various CEMA countries is shown in Table 6. (The trade with Vietnam is not yet included because Vietnam joined CEMA not until 1978).

The special importance of the Soviet Union in the CEMA countries' reciprocal trade also became clear in the 1970's by the USSR's willingness, in connection with the price changes on the international market of the CEMA countries, as of 1975, to do without immediate balancing for the increased Soviet export volume by the CEMA countries concerned. At the 26th CPSU Congress it was announced that between 1976 and 1980 the USSR delivered to the other CEMA countries goods at a value of R 98 billion and received from those countries goods worth R 90 billion.²² Again in 1981 exports from the Soviet Union largely exceeded the imports from the other CEMA countries. And the help given to socialist Poland played a special role in this. To balance the uneven shipments of 1981 and 1982, the Soviet government granted Poland a credit at the clip of R 2.7 billion.²³

For the GDR, the development of trade with the Soviet Union is part of the inevitably increasing political and economic cooperation.

"The more the development of socialism advances in the GDR, the closer becomes the economic and scientific-technical cooperation with the Soviet Union, and the greater becomes its importance to our economic stability and dynamics. The increasing interlinkage of our economies, the ever more effective combination of their capacities, make our two fraternally allied states more surely and rapidly advance along our common road. That strengthens the joint potential of real socialism. And it gains all the more importance in view of the stiffer conditions of the international class struggle."²⁴

FOOTNOTES

1. NEUES DEUTSCHLAND, Berlin, 7 July 1981.
2. "Direktive des X. Parteitages der SED zum Fuenfjahrplan fuer die Entwicklung der Volkswirtschaft der DDR in den Jahren 1981 bis 1985," Berlin, 1981, p 77.
3. Cf. NEUES DEUTSCHLAND, Berlin, 4/5 July 1981.
4. Cf. "Information Bulletin of the International Bank for Economic Cooperation," Moscow, 1982, No 6, pp 12 f.
5. "Direktive . . .," op. cit., p 79.
6. "XXVI. Parteitag der KPdSU, Rechenschaftsbericht des ZK der KPdSU und die naechsten Aufgaben der Partei in der Innen- und Aussenpolitik" (26th CPSU Congress--CPSU Central Committee Status Report and the Next Party Tasks in Domestic and Foreign Policy), Berlin, 1981, p 13.
7. "Bericht des ZK der SED an den X. Parteitag der SED," Berlin, 1981, p 83.
8. Cf. ibid.
9. "In connection with gradually adjusting sales prices for petroleum, petroleum products and other raw materials to world market prices, large credits have in recent years been granted to settle payment transactions to Bulgaria, Hungary, the GDR, Cuba, Mongolia and Poland. It permits those countries to buy in the Soviet Union their economic necessities in anticipated volumes since trading with the USSR can be kept in balance through the preferential long-term credits extended by the Soviet Union." (V. Alkhimov, "The Role of the Banking System in the Development of Foreign Economy Relations of the Soviet Union," VNESHNYAYA TORGOVLYA, Moscow, 1978, No 6, p 13).
10. Cf. N. Ivanov, "USSR Cooperation With CEMA Countries in Furnishing Means of Production," VNESHNYAYA TORGOVLYA, Moscow, 1982, No 4, p 11.
11. Cf. "Communique on the 35th CEMA Conference," NEUES DEUTSCHLAND, Berlin, 7 July 1981.
12. Cf. "Statistisches Taschenbuch der DDR 1981," Berlin, 1982, p 99.
13. Cf. "Communique of the 103rd Session of the CEMA Executive Committee," NEUES DEUTSCHLAND, Berlin, 22 January 1982.
14. Cf. VNESHNYAYA TORGOVLYA, Moscow, 1982, No 4, p 11.
15. Cf. V. Burmistrov, "USSR--Cuba: Results in the Fulfilment of the First Long-term Trade Agreement, 1976-1980," VNESHNYAYA TORGOVLYA, Moscow, 1982, No 1, p 7.

16. Cf. GRANMA, Havana, 14 August 1981.
17. Cf. *ibid.*
18. Cf. NEUES DEUTSCHLAND, Berlin, 6/7 February 1982.
19. Cf. NHAN DAN, Hanoi, 27 June 1981.
20. Cf. also Chr. Luft, "The Soviet Union and the Socialist Economic Integration," DEUTSCHE AUSSENPOLITIK, Berlin, 1982, No 7, pp 22 ff.
21. Cf., *i.a.*, SOI BULLETIN APN/ADN, No 7, 1976, p 17 and EKONOMICHESKAYA GAZETA, Moscow, 1982, No 14, p 1.
22. Cf. "XXVI. Parteitag der KPdSU . . .," *op. cit.*, pp 12 f.
23. Cf. TRIBUNA LUDU, Warsaw, 7 January 1982.
24. "Bericht des ZK der SED . . .," *op. cit.*, p 82.

Appendix

Table 1: Share by Economic Regions in the Foreign Trade of the CEMA Countries 1980 (without Cuba and Vietnam), figures given in percent

	<u>CEMA countries</u>	<u>other socialist countries</u>	<u>developing countries</u>	<u>capitalist industrial countries</u>
Bulgaria	72.8	1.9	8.8	16.5
Hungary	49.6	3.4	10.3	36.7
GDR	62.7	3.2	6.7	27.4
Mongolia	96.7	1.8	--	1.5
Poland	53.3	2.4	9.5	34.8
Romania	34.0	6.6	26.5	32.9
USSR	48.6	5.1	12.7	33.6
CSSR	65.5	4.4	7.1	23.0
Total	53.0	4.2	11.7	31.1

Sources: Statistical Yearbooks of CEMA Member Countries, 1981, Moscow, 1981, p 335, and AWID, Berlin, 1981, No 47, p 2.

Table 2: Development of the CEMA Countries' Mutual Trade (excluding Cuba and Vietnam, which only joined CEMA after 1970) in current prices, in billions of transferable rubles

	<u>1970</u>	<u>1975</u>	<u>1980</u>
Bulgaria	2.6	5.6	9.6
Hungary	2.7	5.7	10.3
GDR	5.7	10.6	16.1
Mongolia	0.2	0.3	0.6
Poland	4.1	8.5	13.2
Romania	1.7	3.0	5.8
USSR	12.3	26.2	45.8
CSSR	4.3	8.0	13.3
Total	33.6	67.9	114.7

Source: Statistical Yearbooks of CEMA Member Countries, Moscow, 1971, 1976 and 1981.

Table 3: Trend in the Deliveries of Some USSR Products to the Other CEMA Countries

	<u>1961-65</u>	<u>1966-70</u>	<u>1971-75</u>	<u>1976-80</u>
Petroleum (million tons)	59	138	250	370
Natural gas (billion cubic meters)	2	8	30	88
Electrical energy (billion kilowatt hours)	4	14	40	64

Source: PROBLEMS OF PEACE AND SOCIALISM, Berlin, No 8, p 1090.

Table 4: Totals of GDR Investment Participation in Other CEMA Countries (in million marks)

1966	55	1974	270
1967	130	1975	630
1968	476	1976	1,095
1969	477	1977	1,672
1970	857	1978	1,700
1971	910	1979	1,200
1972	770	1980	1,325
1973	580		

Source: Statistical Yearbook of the GDR, continuing issues.

Table 5: Proportion of Machinery and Equipment in Specific CEMA Countries' Export in Mutual Trade (in percent)

	<u>1970</u>	<u>1975</u>	<u>1980</u>
Bulgaria	34	45	54
Hungary	45	45	47
GDR	60	62	64
Poland	52	51	60
Romania	28	35	40
USSR	22	23	24
CSSR	60	57	63

Source: VNESHNYAYA TORGOVLYA, Moscow, 1979, No 2, p 3, updated to 1980.

Table 6: USSR Foreign Trade Turnover With Other CEMA Countries (in million rubles)

	<u>1970</u>	<u>1975</u>	<u>1981</u>
Bulgaria	1,816	3,991	8,071
Hungary	1,480	3,274	6,007
GDR	3,295	5,623	10,681
Mongolia	231	480	1,036
Poland	2,350	4,853	8,152
Romania	919	1,526	3,452
CSSR	2,193	3,911	8,487
Cuba	1,045	2,589	4,807

Sources: VNESHNYAYA TORGOVLYA, Moscow, 1974, No 5, p 55 and No 5, p 10;
EKONOMICHESKAYA GAZETA, Moscow, 1982, No 14, pp 21 f.

5885

CSO: 2300/35

INTERNATIONAL AFFAIRS

BRIEFS

COOPERATION WITH ROMANIA--On 21 September, Deputy Premier Andrzej Jedynek received Ion Patan, minister of technical material supply and control of the management of fixed assets of the Socialist Republic of Romania, and discussed with him the development of further Polish-Romanian cooperation in the field of materials management. The conservation of fuel, energy, raw materials and other materials, the exchange of experiences and the conduct of joint undertakings in this area were recognized as one of the basic issues of prime significance for the economies of Poland and Romania. The two officials stressed that in the present international situation the countries of the socialist community should intensify their trade exchange still further in order to become more independent of imports from the capitalist countries. Minister of [office of] Materials Management Jan Antosik participated in the discussion. [Text] [AU291514 Warsaw TRYBUNA LUDU in Polish 22 Sep 82 p 7]

CSO: 2600/73

REPORT ON FULFILLMENT OF 1982 6-MONTH ECONOMIC PLAN

Sofia STATISTICHESKI IZVESTIYA in Bulgarian No 2, 1982

[Text] General Remarks

The present publication is quarterly. It includes annual, quarterly and monthly statistical data on the basic indicators which characterize the socioeconomic development of the Bulgarian People's Republic.

The statistical information program covers the following 11 sections:

- I. Basic data on the development of the national economy
- II. Population living standard
- III. Labor
- IV. Capital investments
- V. Industry
- IV. Agriculture
- VII. Transportation
- VIII. Communications
- IX. Internal trade and prices
- X. Tourism
- XI. Foreign trade

The data for all sectors are based on the organizational structure and composition of the enterprises during the respective period. The national economic and industrial sectors are consistent with the classification of national economic sectors approved by Order No 309 of 19 april 1979. The value indicators are based on prices for the respective year. The annual indicators of industrial and agricultural output, capital investments, trade turnover, foreign trade and monthly industrial production indicators are

computed on the basis of comparable prices. The annual indicators are computed on the basis of 1970 and those for a period of under 1 year on the basis of the corresponding period during the preceding year.

Data on household monetary income and outlays are based on selective surveys of household budgets.

Data for the current year are preliminary and subject to specifications in subsequent publications.

Key to Abbreviations and Symbols:

0 -- amount less than one half of the respective unit of measurement;

- -- no case;

. -- no data;

PAK -- industrial-agrarian complex;

APK -- agroindustrial complex.

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Development of the National Economy During the First Half of 1982

During the past 6 months good results were achieved by the country's labor collectives in the implementation of their production assignments. Compared with the same period in 1981, the production of a number of items of importance to the national economy was increased. Labor productivity improved in industry, transportation and communications. The average wage of workers and employees in state and cooperative industrial enterprises increased.

Industry

During the past 6 months the volume of overall industrial output in state and cooperative industrial enterprises increased by 4.6 percent compared with the corresponding period in 1981. Compared with the January-June 1981 period, the state enterprises in all industrial sectors increased their output. The highest increase was achieved in the power industry -- 10.8 percent; the coal industry -- 9.6 percent; and the electrical engineering and electronic industry -- 9.3 percent.

Compared with the respective period in 1981 industrial output rose in all okrugs other than Burgas. The highest increases were achieved in state and cooperative industrial enterprises in the following okrugs: Veliko Turnovo, 11.7 percent; Silistra, 11.0 percent; Kyustendil, 10.4 percent; Kurdzhali and Pazardzhik, 9.0 percent, and others. In more than one half of the okrugs

Cooperative industry enterprises achieved above-average increases compared with the national average.

Compared with the first half of 1981, additional output was as follows: electricity power, 18.7 percent; pressed-wood and other wooden tiles, 17.1 percent; quilt, 10.9 percent; gas operated lift trucks, 10.0 percent; cast iron and ferroalloys, 8.9 percent; vegetable cooking oils, 27.4 percent; and, 5.2 percent, and others.

Stocks

Compared with 1 July 1981, on 1 July 1982 the number of cows and sheep in farm organizations and their branches had increased respectively by 6,625 (1.4 percent) and 185,166 (2.4 percent) head.

The average milk production per fodder-fed cow increased by 81 liters between January and June 1982 while meat and milk purchases increased by 7.9 and 6.3 percent respectively.

Capital Investments

Between January and June 1982 capital investments in the national economy totalled 2,578,200,000 leva. Compared with last year, more capital was invested in industry, communications, the housing and communal economy and consumer services, science and scientific services, education, health care, social insurance, physical culture, sports and tourism.

During the period under consideration, productive capital worth 1,790,900,000 leva was installed, or 58.9 percent more than the period between January and June 1981. More productive capital was installed in all sectors of the national economy with the exception of communications.

Transportation

During the first half of the year the public transportation system carried 885.7 million passengers, or 26.3 million more than during the same period in 1981.

During the second quarter of 1982 labor productivity based on the average output of the operational personnel increased by 0.6 percent in automotive transportation and 24.9 percent in river transportation compared with the second quarter of 1981.

Communications

Communications services totalled 174.7 million leva or 6.7 percent more than during the first half of 1981.

Internal Trade

During the period under consideration retail trade totalled 6,255,300,000 leva or 2.7 percent more than during the first half of 1981.

Sales of some foodstuffs and durable goods increased, including rice, meat and meat products, vegetable cooking oils, milk, cheese and kasseri, butter, stewed fruits, lemons and oranges, clothing, knitted goods, shoes, furniture, television sets, electric washing machines and others.

Foreign Trade

From the beginning of the year foreign trade totalled 10,177,300,000 foreign exchange leva or 6.4 percent more than the same period in 1981. Exports increased by 9.3 percent and imports by 3.7 percent. Trade with the socialist countries accounted for 75.7 percent of the country's overall foreign trade. Compared with the same period in 1981, more batteries, electric hoists, and other items were exported; imports of metal cutting machines, coke, coal, shoes and others increased.

The results achieved during the last 6 months create conditions for the successful fulfillment of the 1982 production program.

5003

CSO: 2200/8

DEPUTY MINISTER ON PROBLEMS, FUTURE OF ENERGY IN CSSR

Prague TVORBA in Czech 8 Sep 82 pp 3-4

[Interview with Eng Milan Rusnak, CSci, first deputy minister of fuels and energy, by Jaroslav Hejkal, date and place not given]

[Text] This year's Day of Miners and Workers in Power Engineering, which is currently being celebrated, provides an occasion for discussing the status quo, problems and tasks of our fuel and energy economy. With that in mind we knocked on the door of the study of Eng Milan Rusnak, CSci, first deputy of CSSR minister of fuels and energy.

[Question] Could you, Comrade deputy, first answer for our readers the basic question as to why there is a fuel and energy problem in the world at the present time in the first place?

[Answer] People living in the 20th century tend to assume that fuel and energy problems are some sort of a malady of the times, that it did not originate until our time. They forget that similar difficulties plagued their ancestors centuries ago. After all, development of human society is inseparable from the development of sources of fuel and energy. They affect the progress of economy as well as the economic and social level of every society. However, historically speaking, there does appear to be something basically different: in the current century the fuel and energy problem assumed global proportions. Energy consumption is sharply increasing worldwide. From 1900 to 1977, there was a 20-fold increase and specialists admit that there still could occur a two- or three-fold increase by the end of this century. At the same time, the worldwide fuel and energy development over the past 100 years shows an obvious shift in consumption of individual sources from wood through coal to the present high share of crude oil and natural gas. After all, while at the beginning of our century the share of coal in all the fossil sources of energy represented 95 percent, petroleum 4 and natural gas merely 1 percent, in the seventies the share of petroleum and gas represented almost three-quarters. However, at this rate the currently known crude oil and natural gas reserves can last for only several decades and, for that reason, the world's power engineering must orient itself in the future on a new course—coal mining, utilizing the hydroenergy potential, continued development of nuclear power

engineering, whereby nonconventional energy sources must not be neglected, of course. And it stands to reason that utilization of these sources must be highly economical....

[Question] What key task is faced for the rest of this century by our national economy in general and by your fuel and energy department in particular?

[Answer] The Czechoslovak power industry, in keeping with worldwide development and with that in other CEMA member countries, is primarily oriented toward dealing with and exploiting domestic sources of fuels and energy, i.e., coal and hydraulic power, development of nuclear power plants and a no less significant source which is constituted by economizing in our sector and throughout the national economy.

[Question] What is the reason for this orientation?

[Answer] It is given by the fact that our own geological reserves, which are smaller than in some other countries, are extremely limited. As a result, the rate of their exploitation must be commensurate. The current rate--e.g. the annual extraction of our lignite--represents approximately 3.4 percent of our workable geological reserves. This is relatively a lot. After all, everybody can easily figure out that the horizon--how lignite would last--already is very near, some 40 to 50 years. In my opinion, it is only right that our own generation develop all efforts to preserve this source of fuels for future generations. As things are, it is still not quite clear whether lignite will be just an energy carrier, or whether its future utilization might not be based on a much more efficient and effective upgrading process than is the current conversion of energy from coal into electric energy or heat. Simply put, we must not be step-motherly toward those who come after us, deal with the present fuel and energy difficulties at their expense. Therefore, in addition to the limiting factor--that extraction must be done at increasing depths, that geological conditions for mining are getting more difficult, that mining produces poorer quality coal, that in the case of lignite its quality decreases, for all practical purposes, by 1 percent year after year--we also must not disregard our moral responsibility toward our descendants and, consequently, this limited source of energy must be used sparingly and economically.

[Question] And what is the situation in bituminous coal?

[Answer] Here the situation is even much more complicated. Even though we shall relatively and absolutely keep reducing production in the metallurgical industry, produce less pig iron and steel, there still will be a considerable demand for coking coal. It is well known that our bituminous coal is suited primarily for coking and, as such, has extraordinary value. At the same time, not every power engineering process for its conversion is, in our opinion, bringing in favorable returns. Consideration will have to be given to the use of bituminous coal, as an important resource, also for the coming periods for other unrelinquishable processes. We must keep that in mind in exploitation of our fuel and energy base. That will bring us to the point where mining of bituminous coal will practically stagnate, while mining of lignite will also

stay at a level of 95-98 million tons a year. We must not permit "plundering of mines" at any price, on the contrary, we must realize that the rate of exploitation is also one of the indices that force us to economize and properly manage use of coal.

Question You have already indicated that the most important of our key approaches to dealing with the fuel and energy problem will be development of nuclear power engineering. Can I take it to mean that the electric power industry will play an ever increasing role in our future fuel and energy balance?

Answer Certainly. The electric power industry occupies in our fuel and energy balance a very important position which will keep on increasing in importance.

Question Even in spite of the fact that electric power belongs and obviously will belong in the future to the not exactly cheapest sources of fuel and energy from the viewpoint of investments?

Answer I see what you are aiming at. Acquisition of energy sources for our society is extremely demanding on material as well as financial resources already in the current 5-year plan. After all, we are already drawing more than 35 percent on industrial investments for the Seventh 5-Year Plan. This rate will be gradually increasing. The process of nuclear power plant construction will bring along with it a widening funnel of investment demands and we envision that in the Tenth 5-Year Plan investments into the fuel and energy base will exceed half of all industrial investments. Many a person might imagine that this is too demanding a goal which will call for a considerable part of our future national income, as they might surmise that the optimum growth in primary resources commensurate to a 1 percent growth in national income between years is 0.4 percent. However, such linkage does not and cannot apply to electricity. After all, we all admit that electric power holds an irreplaceable position among the sources of fuel and energy. This irreplaceable status is given by the fact that it represents the most sophisticated form of energy, that electricity is the mainstay of mechanization, automation, productivity of labor and a high-quality valorization process. For that reason, the linkage between growth of national income and growth of electric energy between years is different from that applicable to primary sources. It will be higher, because it will also produce better results for the national economy. Besides, let us remind ourselves that 1 kilowatt-hour in our national economy generates for us approximately Kcs 7 in national income. With the 70 billion kWh that we consume annually, this is on the order of Kcs 500 billion in national income. This, of course, is tied to viewing it in an overall concept. In gross national product it represents Kcs 16 to 17. We are of the opinion that this ratio must keep on growing. However, it will grow only if the coefficient of electricity will be less than 1 in comparison to the growth of national income, but higher than in the case of primary resources.

Question What is more, the ecological significance of the use of electricity also should not be discounted, right?

[Answer] Of course. After all, electricity represents clean energy and as such we must not forget that it simultaneously solves for us the environmental problem. We suppose further that development of electric energy is also an inevitable prerequisite for the standard of living and comfort of the working people and that it has a positive effect on regeneration of manpower. If it were not for electricity and its continued development, such a direction would be unthinkable. In the same way, it is impossible under our economic conditions to visualize that we could bring about substantial increases in generation of electric power without development of nuclear power engineering. For that reason, in this policy of electrification of our fuel and energy base and in meeting future demands on fuel and energy, the energy generated by nuclear power plants will play a truly irreplaceable role. We are of the opinion that availability of nuclear power plants and their potential acquisition, they being the most realistic proposition, could in our country not only meet increments in energy consumption, but should also make it possible to cut down on other fuels--primarily liquid fuels and natural gas--from generation of electric power for the benefit of the residential sphere. It should further promote introduction of electric-powered trolleybuses in lieu of diesel or other combustion engines, as trolleybuses offer more advantages to society be it from the ecological viewpoint, or from the viewpoint of availability of liquid fuels, of which we do not and never will have enough to spare. In addition, development of nuclear energy will also positively contribute to dealing with ecological problems in certain locations in the republic, such as in the North Bohemian region. After all, we mine in the north of Bohemia some 70 million tons of coal annually, where we also have installed 8,000 megawatts of electric power in conventional thermal power plants. The consequence of this concentration is accumulation of large amounts of pollutants, as was evinced on some days of this January. Resisting it by installation of desulfurization systems is a rather expensive proposition, as desulfurization of a single power-plant block costs our society an amount on the order of Kcs 1 billion. Thus, we see a reasonable approach in continuing the current rate of construction of nuclear power plants to the extent compatible with our industry and economy and dealing with this serious ecological problem by restricting generation of electricity by these conventional power plants and replacing it by generation of nuclear power.

[Question] That means that you ascribe to nuclear power plants the decisive role not only in electrification policy, but also in dealing with our fuel and energy problem in general. Did I grasp it correctly?

[Answer] Yes. Nuclear power plants are for us truly the only alternative to meeting further increments in demand and to "taking up the slack" for selected extant sources in making changes in the power-generation system. All considered, Czechoslovakia has quite favorable conditions for accomplishing it: it has its own uranium, belongs among the top 10 producers of nuclear power systems worldwide, has capable personnel and technical intelligence which has already proven that it can handle the design, production and construction of nuclear power systems as well as their operation. Why, the nuclear power plant in Jaslovské Bohunice has been successfully operating since 1978. So far it has generated around 14 billion kWh of electric energy. Its program for the current year represents more than 5.4 billion kWh, which comes close to an

amount of 6 million tons of coal which will not have to be burned and converted into electric power. With the aid of the Soviet Union, under systematic compliance with operational safety criteria, the nuclear power plant in Jaslovske Bohunice operates very reliably. Even during the critical winter conditions of this year's January, when temperatures constantly range around -15°C to -20°C , it operated with utilization of full output time to 97.5 percent of theoretical time. It was in full operation for 728 hours out of 744, which is a unique, very good accomplishment. At the present there are two blocks with an output of 440 MW each under operation in Jaslovske Bohunice and another V 2 unit with two more such blocks is under construction. Its first reactor will become operational in the first half of next year, another a year later. In parallel with the latter, the first block should be launched into operation in 1983 in Dukovany with another block added each subsequent year to this power plant. By 1985 the nuclear power plants of the CSSR should have 7-8 operational 440-megawatt blocks. That means that in the last year of the Seventh 5-Year Plan we should be able to generate up to 15 billion kWh of electric power.

[Question] And the outlook till the end of the century?

[Answer] The first stage of nuclear power development should be based on Voronyezh reactors type 440 MW and 1000 MW. A total of 12 blocks should be installed by 1990. Thus, in the subsequent 5-year plan, four blocks with 440 MW each should be added in Mochovice and our first 1,000 MW block in Temelin. The second stage till 1990 should provide us with 8,280 MW and till 2000 with 12,280 or up to 15,280 MW of installed output in nuclear power plants. If our current system has an installed output of 17,700 MW, then practically all of today's amount of our power generation potential should be installed by the end of the century on the basis of nuclear power plants, namely, pressure reactors operating on the basis of thermal neutrons. A generation of fast-breeder reactors must come into ascendancy, because from the viewpoint of sufficient availability of uranium ore it becomes a question of strategy. We shall deal with it with the aid of the Soviet Union with which we have been cooperating very closely in this area.

[Question] Excuse me, comrade deputy, but voices are also heard here and there that nuclear power engineering also poses certain disadvantages and risks. What is your opinion?

[Answer] Risks are an inherent part of every human endeavor. Many of them, even relatively high risks, are assumed voluntarily, such as drivers and sports enthusiasts. Other risks, which could be regarded as imposed, are undertaken by every society for the maintenance of its existence, these being primarily risks posed by industrial activities. It stands to reason that development of nuclear power engineering should necessarily pose certain risks at individual stages. Under our conditions, we must take into account certain risks, posed already in the first part of the fuel cycle by geological surveys, opening up of new mines, or mining and processing of uranium ores. There is a need for monitoring in full measure the risks connected with construction, operation and final shutdown of nuclear power plants. The question of what to do with radioactive waste produced by nuclear power plants can also be

considered a problem. Although produced in small quantities, it is found in all states of matter. Everything has its own rhythm and mode, everything must be handled according to regulations to prevent adverse effects on our ecological conditions. However, conventional power plants produce more pollutants than normal operation of nuclear power plants. Other problems involve spent fuel; liquid radioactive waste is intercepted during processing of discharged water. Radioactive substances remain in concentrated form in residues from evaporation, in sludge, in filters and ion exchangers. After condensation, liquid waste is stored in barrels that must conform to prescribed requirements. After filling and testing they are placed into permanent storage sites. Solid waste that can be reduced in volume is handled in a similar manner if it cannot be decontaminated. Storage of solid and solidified liquid wastes with medium and low activity is foreseen in the CSSR at two regional storage sites of the open-pit type. Waste in metal drums will be stored in bunkers made of monolithic ferroconcrete built on a gravel sand substratum with an impermeable layer beneath it. After filling, the bunkers will be covered by concrete panels, insulated against penetration by water from precipitations and buried under a layer of soil. The mentioned concept has been discussed in detail with the Soviet general designer of nuclear power plants, approved by a resolution of the CSSR Government and incorporated into the design of each of our nuclear power plants. The problem of highly radioactive waste in spent nuclear fuel is dealt with by an intergovernmental agreement according to which the USSR will accept spent fuel for storage or recycling.

[Question] So that your answer to the mentioned voices....

[Answer] ...is about the following: many new discoveries and great inventions provoked in the past a storm of protests and resolute defiance by certain groups of people. Nuclear power engineering will also have to overcome many prejudices based in a great measure on a failure to understand and correctly interpret scientific findings. The current production technology of nuclear power plants provides for a manyfold lower escape of radioactive substances than permitted by norms and, from the ecological viewpoint, nuclear power plants are a source more acceptable by far than are power plants burning coal.

[Question] Permit me now to shift attention to the other mentioned approach to dealing with our fuel and energy problem. What are your intents in regards to implementing an economy drive in energy consumption and production?

[Answer] Our department of fuels and energy administers all power plants in Bohemia and Slovakia (with the exception of enterprise-operated power plants which have an overall output of 2,600 megawatts). This makes us the sole largest consumer of primary fuel resources in Czechoslovakia. We annually consume for energy conversion approximately 52 million tons of lignite and 7 million tons of bituminous coal, further around 1 million tons of heavy and several tens of thousands of tons of light heating oils, more than 1 billion cubic meters of natural gas and many other fuels and propellants. Even a small percentage of savings from this amount represents great values for the society as a whole. Even though standardization and control of technological processes is at a higher level in our department than it is in energy

management by other departments, we are far from meeting the planned goal and are not fully utilizing the possibilities offered by the laws of physics in conversions. In conversions for generation of electric power, we incur losses that are practically on the order of 65-70 percent, so that the generated energy represents approximately one-third of the input value. And even that is subject to additional losses through distribution which on a nationwide scale represents approximately 8 percent. So that from the primary resource only 24 percent is available for the consumer or, as we say, "per switch."

[Question] That certainly calls for improvement. How do you intend to tackle the problem?

[Answer] A decisive role in the departmental state program is played by conversion of condensing power plants--which suffer particularly high losses--to cogeneration of electricity and heat. This process produces two effects. On the one hand, we will obtain about 10 percent in higher efficiency by putting out of production small boiler house operations and combining their outputs in a centralized source. An additional 20 percent in savings can be achieved by combining generation of electricity and heat in centralized sources. We intend to achieve a practically 85-percent increment in generation of heat through this economizing approach. Another approach, typical for power plants, is to reduce fuel consumption in generation of electricity. The quality indicator for our efforts is specific fuel consumption per generated kilowatt-hour. By the end of the Sixth 5-Year Plan it was 387 grams of standard fuel. The 16th CPCZ congress assigned us the task of achieving 373 grams of standard fuel by 1985. What with the generally declining quality of coal, this is no small task that could be met without economy-drive programs. Understandably, this involves a number of partial problems having to do with improvement of combustion processes, adaptation of cooling towers, dealing with the so-called "cold terminal" and many other problems which are of a rather specialized nature and discussing them here would go beyond the scope of our interview. I am sure an occasion will present itself to return to this important set of problems in closer detail.

[Question] I agree. Nevertheless, I am still of the opinion that our readers will welcome an answer to the question as to how you, power engineers, rate the relation and discipline of consumers toward your efforts to provide for continuous supply of our economy and of the populace with electricity?

[Answer] I shall respond with facts provided to me by the State Power Inspectors. They carried out inspections last year on the order of 1,100 in Bohemia and in Slovakia. In so doing, they found approximately 160 organizations that failed to properly comply with guidelines applicable to consumption of energy or with measures promulgated for its more economic use. Collective fines were meted out in the detected cases. However, we are inclined to believe that fines should be more personalized so that responsible personnel in organizations would feel in their own pocket the damage they perpetrate on the whole society by their negligent attitude to the energy situation. Simply put, so that they keep in the future constantly in their mind the fact that energy is the blood of our national economy, the basic prerequisite for development of the life of our society as a whole.

CZECHOSLOVAKIA

TOWARD INCREASED EFFECTIVENESS OF LABOR INPUT STANDARDS

Prague HOSPODARSKE NOVINY in Slovak 24 Sep 82 p 4

[Article by Eng Zoltan Fusko, CSc, and Eng Peter Demko, CSc, Czechoslovak Research Institute of Labor and Social Affairs, Bratislava: "A Wide Range of Operations"]

[Text] The planned management system of the national economy and the accompanying khozraschet and incentive system are based to a great extent on a set of standards. Within the set of rules and standards constituting this base, an important role is played by labor rules as well as labor input [utilization] standards. For this reason the Set of Measures and CSSR Government Resolutions No 42/1980 and No 383/1980 as well as other resolutions justifiedly put great emphasis on larger production and quality work.

According to the data published by the Federal Ministry of Labor and Social Affairs, 80 percent or more of work performed in basic production processes is covered by standards. The share of all work covered by standards affects between 40 to 60 percent of workers. The setting of standards is lagging in auxiliary and service processes where on the average standards are used only in the case of 10 percent of the workers. At the same time, the number of workers in these sectors is approximately one-third of the overall labor forces and is still rising.

Labor Input--A Criterion of Effectiveness

Labor input standards are to objectively reflect direct labor input in the fulfillment of a fixed work assignment under concrete conditions. An analysis of the level of labor productivity of the Czechoslovak production branches, compared with the world level of labor productivity, has shown big differences. A total of 460 sectors of Czechoslovak production included in the analysis is divided into five categories based on labor productivity in the following way: The first category includes sectors at par with the world level of labor productivity; the second category includes sectors close to the world level; the other three categories represent average, below average, and several times below average levels.

It has been shown that this great diversity in the level of labor productivity is not reflected in actual output norms, in their fulfillment or wage differentials depending on labor input standards. While the difference in the level of labor productivity is 10 to 15 times larger in the first than the fifth

category, the difference in the level of the average wage does not exceed 15 percent. Even less pronounced is the difference in equipment of the workers with basic resources. Neither are there big differences in average fulfillment in output standards (113 to 119 percent). The results indicate that the determining factor in differences in the level of labor productivity is the individual and the level of his managerial, organizational, innovative and labor productivity.

Analyses undertaken at the level of enterprises also confirmed the fact that the decisive cause for differences in labor productivity is not differences in labor conditions and technological equipment. For example, analyses of workers at the general directorate of the Agrozet enterprise in Brno undertaken during the establishing of labor input standards in the production of tools have shown that output standards in the production of comparable type of tools in individual enterprises vary by as much as a factor of 10 to 15. The differences are mainly in managing and organizational work, in the application of technology and labor methods, and in labor morale and discipline. In order for labor input standards to become a criterion of effectiveness of direct labor inputs, an incentive to activity and initiative by the workers and an instrument encouraging the application of progressive technology and labor organization, we must improve the effectiveness of the system of management and planning of standard setting as well as the standard-setting methods of norm objectivization.

Indicator of Progress

In the elaboration, approval, application and changes of labor input standards, an important criterion is a prerequisite that these standards correspond to the existing possibilities and to the working conditions of the worker involved. The justification of the labor-input standard can be understood in two ways:

--The standard which corresponds to the conditions of labor at an individual workplace which is passively accepted by the standard's proponents and approvers;

--the standard which corresponds to progressive social labor conditions which the standard's proponents know and respect and which they, within the framework of realistic possibilities, use as an instrument for effective change in the labor process.

It is necessary to explain the second meaning. The realization of such an approach toward the application of standards requires, however, close mutual relationship between immediate use of standards (determination of the norm) and the labor preparation process (production); in other words, close mutual cooperation between a standard setter and other participants in the preparation of production and labor. The labor input standard in the aforementioned case ought to have the character of a norm. Even the executor of a given piece of work should understand it though it may be impossible to use this standard as a clear-cut index for labor remuneration.

Conditions of Effective Application

Consistent application of the khozraschet management on the interenterprise and intraenterprise scale greatly influences improved effectiveness of setting of standards and labor-input standards. In the first place, intraenterprise khozraschet greatly affects the creation of the economic incentive climate for a systematic improvement of the standard base as direct labor inputs and other production factors. It contributes to the improvement in the unity of interest at the point where society, the collective and the individual interact, with emphasis on societal goals.

The khozraschet management of the collective plays an important role as far as labor standards are concerned. In such a case, we propose, plan and put on record for the collective the quantity and quality of labor (production) and the direct labor inputs. The amount of the wage fund is created in relation to concretely achieved results. As part of collective material incentive, we prefer incentives related to the results of rationalization activity. The results of experimental testing, for example, in the Chemko national enterprise in Strazske and the Heavy Engineering Plants in Martin confirm that the use of the khozraschet management of collective leads to increase activity of workers and the improvement of labor productivity and in the preparation or the realization of rationalization measures which are all-inclusive in the sense that they include the changes in the labor input standards--manpower savings.

A progressive form of khozraschet management of the collective is the brigade form of labor organization and remuneration, introduced in our country after being tested in the USSR, Bulgaria and the GDR. In this respect, in addition to the introduction of individual standards specified for the operations, we also use overall standards affecting entire production sectors which are the responsibility of individual brigades. From the point of view of a brigade as well as the instruments of management, the existing types of standards do not lose their justification.

Khozraschet management leads to increased significance in the mutual strengthening of efforts for an effective utilization of all production factors--manpower, raw materials and materials, fuel and power, and thus also the overall care of the standard's base and its utilization in the process of overall management. Seen from this point of view, we also observe an undeniable advantage in the effective centralization of the inventory of all types of standards in the group of technical-economic standards experimentally tested in the enterprises of the Czech Rubber and Plastic Plants VHI in Gottwaldov.

Interdepartmental Information Service and Cooperation

It is an undeniable fact that a major role is played by the exchange of information and cooperation between the branches and between the enterprises organized within the framework of the ministries, but also between the individual ministries.

For example, close mutual cooperation in this respect between the Federal Ministry of General Engineering, Federal Ministry of Heavy Engineering and Metallurgy, and Federal Ministry of Electronic Industry has shown positive

results. These ministries operate a joint methodical board for rationalization and standardization of labor in auxiliary and service production processes. Several ministries have been recipients of valuable advice and necessary documentation prepared by the Technical Economic Institute of Metallurgy and the Orgaprofi, especially in case of the processing of standards for the number of required technical-economic workers. However, when we compare the existing level of interdepartmental information and cooperation with the needs and possibilities, we find things lagging.

The broad field of possibilities lies especially in the area of cooperation in the processing of labor input standards for cross-branch activities--especially for auxiliary and service work such as material handling, building and equipment maintenance, power saving, etc. It is also desirable to compare our standards in a given branch with similar enterprises in other CEMA countries. Such comparisons are carried out by several ministries, VHI's, and enterprises.

A positive example of good international cooperation is bilateral cooperation between the CSSR and the GDR in preparing the system of standards for labor planning which at present is being tested experimentally with success in a number of enterprises in both countries. After these standards are made more precise and after they undergo the necessary corrections, they are to be introduced into national economic practice.

As confirmed at a nationwide seminar on the topical questions related to labor-input standards, organized by the Czechoslovak Research Institute of Labor and Social Affairs in cooperation with the Bratislava House of Technology of the Czechoslovak Scientific and Technical Society in Poprad in the middle of last June, an entire series of very effective methods, approaches and materials related to labor-input standards face scientific reevaluation, generalization and introduction at the interenterprise level.

Standard Setter--an Effective Factor

Even if the setting of labor input standards today cannot be the responsibility of a single standard setter or a setting groups, the standard setter represents the main implementor of this function. According to a statistical survey published by the Federal Ministry of Labor and Social Affairs, the number of workers engaged in standard setting and rationalization of labor in our enterprises is steadily declining. In comparison with 1973, the number has dropped by one-third. The number of workers with university degrees is also on the decline in this sector. While in 1973 out of the overall number of workers employed in this sector 9.5 percent held university degrees, this ratio dropped to 6.8 percent by 1980. On the other hand, the number of workers with no more than basic education has grown. This fluctuation involves some 20 percent of workers annually.

The personnel engaged in labor standard setting in individual ministries is numerically weak. In many research institutes, the number of workers involved in labor standard setting is on the decline. We have only a few dozen specialists in the entire country. Thus, standard setting becomes a less attractive

profession. This is unjustified and hurts us. What should we do in this situation? We believe that there are many possibilities for effectively solving the entire problem:

--Automation in the processing of parts of work performed today by standard setters and a tighter relationship between standard setting and production activities encouraging the workers affected by these standards to cooperate;

--Rationalization of the work of standard setters. The use of progressive labor methods, aids, and computer technology;

--improvement of social recognition of the work of standards setters and a more consistent utilization of the possibilities of their material incentive;

--attention paid to the training of the standard setters in schools and out of school; regular organization of meetings helping to exchange information and knowledge in the form of seminars, conferences, etc.

In the area of out-of-school training, the uniform curriculum issued by the Federal Ministry of Labor and Social Affairs for the institutions organizing basic or advanced courses was very helpful. A valuable role was played in this respect by the Houses of Technology of the Czechoslovak Scientific and Technical Society (Kosice, Liberec, Bratislava, Banska Bystrica), educational institutes, and other organizations charged to run such courses. The present analysis of the system, forms and methods of the standard setters' and efficiency experts' training, performed by the Federal Ministry of Labor and Social Affairs, can in this way rely on a number of positive experiences and knowledge. The same applies to the education of standard setters in schools.

In the near future, the determination of categories by standard setters should become a useful tool for the efforts to make the work of standard setters more effective. At present, this aspect is represented by a team of specialists in the area of labor input standards working in the Slovak Ministry of Labor under the supervision of workers of the Czechoslovak Research Institute of Labor and Social Affairs.

On the basis of the best results and experiences from practical work and research, we are beginning to see before us a progressive pattern of the organization of work of standard setters which is in the total sum of all factors affecting their work. They already represent the fourth profession within the category of technical economic workers (following foremen, accountants and secretaries) among whom we are verifying the methodical approach and effective rationalization of labor in a large number of similar work operations through a form of determination of categories--a progressive pattern.

1277

CSO: 2400/16

EIGHT MONTHS OF 1982 IN METALLURGY, HEAVY MACHINERY SUMMARIZED

Prague HOSPODARSKÉ NOVINY in Czech 1 Oct 82 p 2

[Article by Jan Maza, worker in the Central Committee of the Communist Party of Czechoslovakia: "Metallurgy and Heavy Engineering"]

[Text] In the 8 months of this year the plan for goods production in the sector of metallurgy and heavy engineering was fulfilled by 100.7 percent, the overrun being Kcs 682.9 million, both in the branch of metallurgy and mining and in heavy engineering. Thus 66.1 percent of the year's task was achieved rather than the expected 65.76 percent.

There were also monthly shortfalls in goods production, caused by nonfulfillment since the beginning of the year in Skoda Plzen (99.4 percent) and Chepos Brno VHMJs (99.5 percent). At the end of August the plan was unfulfilled for the period by 13 enterprises, as opposed to 14 for the same period of last year. The greatest shortfall was shown by the Tlmace Slovak Power Machine Works (Kcs 62.5 million), Skoda Plzen (Kcs 25.4 million), the Victorious February Plant in Hradec Kralove (Kcs 12.2 million), Ferox Decin (Kcs 12 million) and CKD [Heavy Machinery Works] in Blansko (Kcs 10 million).

There has also been increased nonfulfillment of the plan as regards assortment of products, especially in the case of spare parts production by the Vitkovice Ironworks, the F. I. Gottwald Machine Works, Chepos Brno, Skoda Plzen and other mills.

The results in fulfillment of the operations plan led to a decrease, for a number of indicators, in the rate attained during the first half of 1982. Despite this, however, there was no substantial weakening in ensuring selected indicators since the beginning of the year.

The situation was similar in August, when the sector showed a moderate shortfall in goods production, to the amount of Kcs 59.5 million, which indicated 99.5 percent fulfillment; the plan was not fulfilled by four VHMJs, these being Skoda Plzen (93.7 percent), Chepos Brno (95.4 percent), the Bratislava Ore Processing Machine Works (98.2 percent) and Metallurgical Secondary Production (98.7 percent).

In terms of utilization of production, in August we were able to essentially reach a balance in fulfilling planned objectives expressed as an appropriate share of the year's plan (7.6 percent). Since the beginning of the year

66.4 percent of the plan has been fulfilled, which exceeds the aliquot share by 0.7 points (Kcs +1.1 billion). The credit for this favorable outcome is due especially to deliveries for capital investment, where this year 70.6 percent of the year's plan was fulfilled in 8 months, thus putting us Kcs 597 million in advance of plan. Favorable fulfillment has also been achieved by our sector in deliveries for the domestic market, which are the best fulfilled indicator of final sales: 75.3 percent of the year's plan has been achieved in 8 months.

The situation regarding exports to socialist and nonsocialist countries is less favorable, since due to a slowdown in rate of deliveries in July and August we were not able to fulfill an adequate 8-month share of the year's plan. A shortfall of Kcs 470 million in free-on-board prices was brought about by the machine tool industries, where Skoda Plzen and Chepos Brno VHJs in particular achieved low quotas. A similar situation has developed in the area of exports to nonsocialist countries. Here Skoda Plzen (only 49.4 percent) and Chepos Brno VHJs (54 percent) are joined by Ferrous Metallurgy (63.2 percent), where low average prices received for exports of metallurgical material are the cause.

There has been satisfactory fulfillment of overall objectives for construction projects investigated (44 projects), although for several of them the construction schedule has not been kept. We are referring in particular to the construction of extensive coke-oven batteries and of large-scale machinery in the Vitkovice Ironworks and the Kl. Gottwald Machine Works, and of coke-oven batteries in the Trinecky Ironworks and the Kosice Eastern Slovak Ironworks.

Adjusted value added for our sector showed a moderate drop in August (to 99.6 percent). Planned objectives were not achieved by Skoda Plzen, Chepos Brno VHJ, the Bratislava Ore Mines and Magnesite Works, and the Czechoslovak Pneumatic Machinery Works. The plan for this indicator was nevertheless exceeded--at 101.7 percent--since the beginning of the year, with an overfulfillment of Kcs 494 million.

The prognosis of the Federal Ministry of Metallurgy and Heavy Engineering for September calls for 99.9 percent fulfillment of the plan, this owing to heavy engineering (only 99.7 percent), with shortfalls in Skoda Plzen and Chepos Brno VHJs. The figure for Skoda takes into account the shares of CKD Blansko and the Slovak Power Machine Works, and for Chepos VHJ those for Ferox Decin, the Hradec Kralove Victorious February Plant, the Chotebor Machine Works, and the Uhersky Brod Slovak Machine Works.

This unfavorable prognosis for September, which detracts from the advance over schedule in fulfilling the plan achieved in the past period, was not accepted, however. To improve the situation a specific measure was introduced in order to ensure tasks not only for the period mentioned but through the end of 1982.

The measure also contains specific tasks for the fulfillment of other planned indicators. Their consistent fulfillment in VHJs and enterprises is expected to provide preconditions for overall fulfillment of the 1982 objectives.

Particular attention must be paid to nonfulfilling enterprises whose reasons for shortages have been analyzed. We are referring to enterprises which have not been fulfilling the plan for an extended period, for example Ferox Decin, the Hradec Kralove Victorious February Plant, the Tlmace Slovak Power Machine Works, the Milevsko Pneumatic Equipment Plant, the Nymburk Branch Mechanization Plant, the Libcice Screw Works, and the Celakovice Nonferrous Metal Works.

Altogether, positive prognoses obtain for the rest of the year. Tasks will be fulfilled and overfulfilled, both in production of goods and gross value of goods, and in utilization of production, deliveries for capital investment construction, and deliveries for the domestic market, in wholesale and retail prices. It is anticipated that the sector will also fulfill deliveries for export to socialist and nonsocialist countries, in wholesale prices and free-on-board prices.

Despite anticipated overall fulfillment by the sector of tasks for the 1982 state plan, however, there will also be variance and uneven fulfillment of the plan in individual VHJs and enterprises.

In exports to socialist countries, the fulfillment of the plan by our sector is threatened especially in the Skoda and Chepos Brno VHJs, the Vitkovice Ironworks, and the Kl. Gottwald Machine Works.

As regards tasks of production volume, the situation is tense in Skoda VHJ, while product assortment fulfillment is threatened in CKD Dukla, Chepos Brno, the Vitkovice Ironworks, and the Kl. Gottwald Machine Works. Most of our VHJs must improve in fulfilling assigned tasks and deliveries for assembly sectors and in providing spare parts. An important task for most VHJs is not to exceed the reserve limit before 31 December 1982 and to strike a balance with ability to pay.

The above deficiencies must be systematically and purposefully eliminated through consistent politically organized activity by leaders of economic workers supported by effective collaboration of officials of party, union, and youth organizations.

In the second half of September and in October, coordinational meetings of the chairmen of all-plant committees of party organizations of enterprises and plants will be held. At these meetings, the results of VHJs and individual enterprises in ensuring the state plan will be analyzed in detail. Their aim is to achieve a unified organized effort, based on the critical evaluation of public labor, to ensure the conclusions of the 16th CPCZ Congress in the area of economics.

9832

CSO: 2400/17

PRIVATE GROWER'S PROBLEMS DISCUSSED

Prague TVORBA in Czech 15 Sep 82 p 5

[Interview with Josef Mara, secretary of the Central Committee of the Czech Small Growers Union by Jan Bauer; date and place not given]

[Question] Comrade secretary, how would you characterize the basic social mission of the Czech Small Growers' Union?

[Answer] At the present time, our work is primarily guided by the conclusions of the 16th CPCZ Congress and the Fourth Central Committee Plenum. To this we should add CSSR Government Resolution No 185 of 1981 on granting support to small growers and breeders. One of our principal tasks is to contribute in supplying the population with fruit and vegetables. Small growers should also make it feasible for the largest possible number of our citizens to take up this useful and attractive hobby which offers beneficial utilization of one's leisure time. It is gratifying that interest in small growing and breeding enterprise has recently been increasing rapidly even as an expression of the human need to be in touch with nature at least in one's spare time and simultaneously draw benefits from nature through one's own effort. At the same time, this tendency leads our union to greater responsibility.

We try to provide guidance for the work of small growers. Generally speaking, we encourage our members toward maximum production of fruits and vegetables to supply their own families, as well as producing extra quantities which contribute to supplying other citizens as well. When a small grower produces a considerable amount of fruit and vegetables, it becomes desirable to draw up a contract with the purchasing organization. In the interest of greater productivity, it is naturally necessary to ensure fertility of the soil and trees through appropriate care, since only good soil can yield a good product.

[Question] Small growers, of course, also require a certain amount of material support. How satisfied are you in this respect?

[Answer] As regards adequate supply in vegetable seeds, I can say that the Semptra enterprise has met its task quite well this year. However, there is a continuing shortage of nursery seedlings, except for apple trees, and even there we find insufficient assortment, and we are very short of pit seeds. Small growers cannot, of course, do their work without suitable tools and

simple mechanization. In this respect, unfortunately, we have little cause for satisfaction. There is a shortage of garden tools on our market, a list much too long to itemize here. With respect to simple mechanization, I must say that it is virtually nonexistent as far as small growers are concerned. We should, therefore, adopt social measures which would make such mechanization available, if for no other reason but that, given the need for energy conservation, agricultural enterprises are unable to make their own equipment available to the small grower.

[Question] An important task for the small growers is tilling land unsuitable for mass-production operations. It is precisely thanks to their initiative that such land still benefits our society...

[Answer] This is a little more complicated. While on the one hand there are large areas of untilled land, 24,000 of our members are waiting to be assigned small plots. There is a certain amount of confusion, to put it mildly, in the process of land allocation. Federal and republic directives of the ministries of agriculture and food are clear enough in stating that land unsuitable for wholesale agricultural production should be offered to the small growers. It appears, however, that some national committee officials have a different interpretation of these instructions, which cause differing approaches in the allocation of land.

I appreciate the work of the many national committees which act with initiative and in accordance with party and government decisions. There are, however, a good many officials who are not always favorably inclined toward the needs of small growers. While we are receiving support from the kraj and district agricultural organizations, practical experience in individual towns and villages is somewhat more complicated. As regards plots within communities, I should note that in some localities there are no precise directives on what the land is to be used for. It is of little practical use to us to have the agricultural organizations turn the land over to us only to find that the national committee will not approve construction of shelter or even a tool shed. Moreover, the land is loaned to us only for 5 or 6 years, too short a period of time, tending to discourage many citizens.

With respect to plots several kilometers away from a community, small plot holders are limited by existing forestry laws which do not allow development of land at less than 50 meters from the forest. At times, we even encounter opposition from the environmental protection organs. Thus, we see that there are many differing opinions on this subject which, unfortunately, in the end benefits no one. While everyone agrees that idle land should be utilized, even before we can turn the first spadeful of earth on a plot, we have to go through a process with the national committees lasting sometimes as long as 2 years. We build a fence, an access road, but it still takes a long time before the plot can produce beneficial results. Yet, just a little more understanding could bring improvement. It is enough to look at the situation in the Soviet Union, the GDR, Bulgaria, or Hungary where small growers are granted all kinds of support.

[Question] What is the quantity of fruit and vegetables produced by small growers in this country?

[Answer] In addition to satisfying the needs of their own families, the small growers provide for many other citizens and significantly contributes to supplying the market. The Czech Small Growers' Union has 376,000 members in its 4,000 basic organizations. During the Sixth 5-Year Plan, 66 percent of purchased fruit, about 10 percent of shelled vegetables and 47 percent of grape wine were produced by the small growers. In some types of fruit, our share was even higher, namely, 92 percent in plums and 76 percent in berries. We encourage our members to grow the types of fruit which requires manual handling and must reach the market while still fresh. Stated briefly, we wish to help fill the gap which will logically occur in wholesale production, given the limitations of mechanization and the need for manual labor. For example, we recommend to our members to grow all types of fresh vegetables in foil containers (foliovnice), since we can hardly expect the small grower to build nurseries and hothouses for rapidly perishable vegetables. In this connection, I cannot help but voice regret at the behavior of some agricultural enterprises which own greenhouses, often built with state subsidies, but which for financial reasons mostly grow flowers, as if supplying the market with fresh vegetables were not more important.

In closing, I would like to stress that fruit and vegetables produced by small growers can always be only a supplement to wholesale production. I believe, however, that given our share in satisfying citizens' needs, it is a very important supplement.

9496

CSO: 2400/25

BRIEFS

SLOVAK LIVESTOCK LOSSES PROBLEMATIC--During the first half of 1982 forced slaughter of more than 25,000 head of cattle and 80,000 hogs took place in Slovakia. Lower feed resources from last year's crop and restricted grain imports are especially blamed for this problem. However, extensive livestock deaths caused by subjective factors have also been discovered. For example, at the Unified Agricultural Cooperative (JRD) Kamenin 17.3 percent of all hogs born during the first half of this year have died and at a state farm in Sturovo 40 percent have died. At the state farm in Martin 8.4 percent of newly-born calves died, at the JRD Jarovnica 27.2 percent and so on. The truth of the matter is that the monetary incentive program for agricultural workers designed to reduce livestock deaths has not been implemented in 22 agricultural establishments in West Slovak Kraj, 27 in Central Slovak Kraj and 68 in East Slovak Kraj. Furthermore, the investigation has revealed that in several cases reported livestock death data were inaccurate. [Bratislava PRACA in Slovak 22 Oct 82 p 4]

CSO: 2400/33

DECREE ON BONUSES BROADENS INCENTIVE PAYMENTS, PENALTIES

Highlights of the Decree

East Berlin DIE WIRTSCHAFT in German Vol 37 No 10, 8 Oct 82 p 16

["Brief Comments on Legal Regulations--Bonus Funds for State Enterprises."
A translation of the decree discussed below follows this commentary]

[Text] The main purpose of the new decree on planning, formation and use of bonus funds for state enterprises, of 9 September 1982, is to strengthen the working people's material interest in growing achievements. Enterprise collectives fulfilling and exceeding the high planning targets in the chief parameters of performance evaluation--industrial output, net output, prime costs per M 100 in commodity production and export--and in such important parameters as labor production boosts, prime cost reduction or increased outputs in finished products for public supplies, are to be enabled to set up special bonus funds for it.

The new arrangement projects a still more efficient and faster reaction by the work with bonus funds to any industrial performance priorities. That is stipulated by that the 1982 base pay is ensured for subsequent years (Article 3). That provides the enterprises with big bonus funds for a targeted inducement for high achievements even while plans are being prepared.

Additional bonuses above and beyond the base pay for exceeding the draft plan or the plan quotas can go up to M 200 per head. As a condition for that, the general director of the combine preassigns annually, with the plan, two central parameters and two additional terms. Proceeding from economic policy priorities, decisions are made annually in conjunction with the national economic plans on which performance parameters bonus funds are to be tied to. Proven parameters for performance evaluation are being kept. Uniform norms are set down for paying enterprises bonuses for exceeding the draft plan or the plan quotas. No longer will they in the future be added to the bonus funds as a percentage of the base amount but as a standard monetary amount per percent of excess performance or overfulfilment (Article 4). Other bonuses for export or consumer production are subject to legal regulations.

In using bonuses in the enterprises the performance principle is rigorously being enforced. To stimulate high achievements through socialist competition, target bonuses are to be used that are to be aimed at concrete plan parameters and

priority tasks. In combines and enterprises with export production, meeting the export tasks and export profitability are a major bonus criterion. That applies to the general directors and directors and executive associates as much as to the working people working on the solution of export tasks (Article 10).

The enterprise collective contract has to set down under what condition one will use initiative bonuses in socialist competition to recognize high collective and individual achievements, target bonuses in accordance with classified performance parameters and priorities, mission-related bonuses for fulfilling important projects and end-of-year bonuses for material working people's incentives toward high economic results in the enterprise for the whole plan year (Article 8).

It has been set down that the end-of-year bonus may be reduced or eliminated for lost shifts and other gross violations of labor discipline (Article 9 sections 5 and 6).

Text of Decree

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I
No 34, 27Sep 82 pp 595-598

[Official text of "Decree of 9 September 1982 on Planning, Formation and Use of Bonus Funds for State Enterprises," signed by Willi Stoph, chairman, GDR Council of Ministers; and Wolfgang Beyreuther, state secretary for labor and wages]

[Text] Through bonus funds the working people's material interest in implementing the GDR's economic strategy is being strengthened. Advantages are to accrue to enterprises fulfilling or exceeding high planning targets in commodity production, net production, export, increased labor productivity and prime cost reduction per M 100 of output. Work collectives are to be interested materially in achieving performance improvements mainly by improving the cost/benefit ratio. In concurrence with the FDGB National Executive Committee, the following is decreed:

Article 1: Scope

(1) This decree regulates the planning, formation and use of bonus funds. It applies to

--combines,

--state enterprises and their equivalents and economic organs working in accordance with economic cost accounting (henceforth referred to as enterprises), and

--state organs to the extent that they have to assume duties in accordance with this decree.

(2) The duties set down in this decree for general directors of combines apply in enterprises belonging to no combine to the directors of the next higher organs of the enterprise accordingly.

Planning and Formation of Bonus Funds

Article 2: Principles

(1) Bonus funds are planned and formed in the enterprises for elaborating and implementing the national economic plan on the basis of official plan parameters issued for performance development.

(2) Allocations to the bonus funds come in the form of

- a base amount per head,
- other bonus funds for exceeding and overfulfilling plan targets, and
- additional bonus funds for high achievements in export and the fulfilment of tasks in consumer goods production.

Article 3: The Base Amount

The plan parameter of bonus funds consists of a base amount per head (VbE) and the planned labor force (VbE). They are handed to the enterprises together with the official plan parameters for drawing up the plan in absolute sums. In doing this, the base amount planned for the previous year per head (VbE) has to be maintained.

Article 4: Allocations for Exceeding and Overfulfilling Plan Targets

(1) Above and beyond the base amount, enterprises may plan and be allocated additional bonus funds if they exceed their plan targets in the elaboration or implementation of the plan. To this end, proceeding from the chief economic parameters for the performance evaluation and economic policy priorities, two performance parameters are set down. The State Planning Commission, upon the recommendation from the competent ministers, selects them annually from the parameters for

- commodity production,
- net profit,
- net output,
- and export at the valuta rate

and presents them for ratification to the Council of Ministers together with the official tasks for the national economic plan.

(2) Normally commodity production and net profit rate as the performance parameters for allocating bonus funds by the competent ministers for enterprises in their sphere of responsibility. For enterprises the performance improvements in economic terms of which are better measured against their net output, it can take the place of net profit or commodity production. For enterprises with a high share of exports, the fulfilling of their export at the valuta rate can be taken as their performance parameter instead of their commodity production. Whenever performance requirements and specific reproduction conditions require it, a minister may propose different performance parameters for forming bonus funds in his sphere of responsibility or for selected enterprises.

(3) The allocation of bonus funds for exceeding or overfulfilling the two performance parameters set down with the plan, as to section 1, is planned and undertaken on the basis of the following norms. The funds amount to one percent in exceeding or overfulfilling

-- commodity production	15 M per VbE
-- net profit	5 M per VbE
-- net production	10 M per VbF
-- export at valuta return rate	20 M per VbE

Norms apply at equal levels for working out and implementing the plan.

(4) Bonuses for exceeding and overfulfilling the performance parameters as to section 3 can come to a total of 200 M per planned VbE per annum.

(5) If performance parameters for enterprises differ from those specified in section 1, corresponding norms for bonuses in accordance with such parameters are set down by the chairman of the State Planning Commission upon recommendation from the competent minister and concurrence from the state secretary for labor and wages and the minister for finance, and with agreement from the FDGB National Executive Committee.

(6) When performance parameters set down for bonuses are not met, the planned bonuses are reduced in conformity with the same norms to the sum of the base amount.

Article 5: Additional Terms

(1) Another condition for allocating bonus funds as to Article 4 lies in fulfilling two further parameters. The general director of the combine presents them annually, with the agreement from the competent trade union executive, while submitting the official tasks, from the range of the following nomenclature:

- net production,
- prime costs per M 100 in commodity production,
- exports to economic regions at valuta return rate,
- commodity production for construction combines and enterprises in construction production,
- increased labor productivity,
- reduction of prime costs,
- finished products for the population, and
- output with the "Q" quality seal.

Parameters already basic to the formation of the bonus funds may not be set down as additional terms.

(2) For enterprises producing for export, fulfilling their export as to economic regions and at a valuta return rate is to be taken for a condition in any case, insofar as that was not made basic as a performance parameter to the formation of the bonus funds. To the extent that specific reproduction conditions require it, the minister may supplement the nomenclature as of section 1 for his sphere of responsibility by appropriate parameters, upon agreement with the state secretary for labor and wages, the chairman of the State Planning Commission, the minister for finance and the FDGB National Executive Committee.

(3) For each additional condition not met, allocations are to be reduced, as to Article 4, by 25 percent.

Article 6: Extra Allocations for Export and Consumer Goods Production

(1) Extra allocations for the bonus funds, in accordance with legal regulations in force, may be given the enterprises for high export achievements and the fulfilment of tasks in consumer goods production.

(2) Such allocations are independent of the rules set down in Articles 4 and 5.

Article 7: Financing the Bonus Funds

(1) Bonus funds are produced by the enterprises. Their financing comes out of the net profits of the enterprise.

(2) Allocations of bonus funds derived from the exceeding and overfulfilment of the performance parameters as to Article 4 section 3 are to be financed out of the exceeded or overfulfilled net profits of the enterprise after dues under obligation to the state have been deducted.

(3) When enterprises cannot finance their bonus funds according to plan out of their own profits, financing is to be planned and taken out of the combine's centralized net profits.

(4) If in enterprises in plan implementation, after their net profits were turned over to the state, allocations to the bonus funds at the rate of the base amount is impossible, due to reduced earnings, the means that are lacking come out of the combine's reserve fund.

(5) Computing the financing of the bonus funds (base amount plus allocations through exceeding and overfulfilling) is based solely on net profits coming out of the economic achievements of the enterprises themselves.

(6) Further bonuses made available to the enterprises through other legal regulations or superior or other organs as incentives for special tasks are to be put into the bonus funds. They may exceed the allocations as to Article 4 section 4 and are not subject to reductions as to Article 4 section 6 and Article 5 section 3.

(7) Bonuses not resorted to by the year's end are to be carried over to the bonus funds of the next year.

Use of Bonus Funds

Article 8

(1) Means of the bonus funds are to be used, in connection with special or **discretionary citations**, primarily to stimulate priority tasks in performance development, such as productivity and efficiency improvement, achieving high economic results in scientific-technical work, and increasing exports and reducing production consumption. Enterprise directors in cooperation with the trade union executives have the responsibility for consistently awarding bonuses to the working people according to their performance.

(2) Bonuses for high achievements in socialist competition are to be granted especially such collectives and working people that significantly contribute to

- achieving high economic results in scientific-technical progress,
- meeting export quotas,
- improving labor efficiency,
- saving raw and working materials and energy,
- improving the quality of products,
- reducing costs, and
- boosting labor productivity and cutting back jobs.

Outstanding initiatives by the working people are to be recognized immediately upon their performance.

(3) The use of the bonus funds is agreed on in the enterprise collective contract. That applies in particular to the forms used for giving bonuses and the means earmarked for them. It has to be set down under what conditions

- initiative bonuses are used in socialist competition to recognize great collective and individual achievements,
- target bonuses are used according to the classified performance parameters and priority tasks,
- mission-related bonuses are used for the fulfilment of important projects in the science and technology plan, including tasks in socialist rationalization and carrying new procedures and products over into production, and
- end-of-year bonuses are used to provide the working people with material incentives for good economic achievements by the enterprise throughout the entire plan year.

(4) Enterprises must use the bonus funds they have produced in such a way that the material rewards for outstanding initiatives in socialist competition are assured as much as the paying of the end-of-year bonus and mission-related bonuses.

Article 9

(1) The end-of-year bonuses give material recognition to the achievements of the enterprise collectives in their fulfilling and exceeding their plan quotas.

(2) The average end-of-year bonus per VbE normally has to be set at the level of the previous year if the enterprise, by fulfilling and exceeding its performance goals, has produced sufficient funds. In principle, this average amount is to be kept for an enterprise. The average end-of-year bonus per VbE, meant to be paid out, is to be confirmed by the general director of the combine.

(3) For the work collectives and individual working people, the end-of-year bonus is to be differentiated according to performance and with special regard to shift labor. For that purpose, sensitive performance criteria derived from the plan have to be preassigned which conform with socialist competition priorities and are controlled and settled through the budget or other proven methods. For working people in export, their solving the export tasks becomes their performance criterion. During the plan year the working people are to be informed about how much of an end-of-year bonus they may get by their fulfilling these

performance criteria. If the enterprise has produced the necessary bonus means as to section 2, the various working people also, through fulfilling the performance criteria set down for them, should get an end-of-year bonus approximately in the same amount as in the year before. If they do not come up to their performance criteria, those working people shall get an end-of-year bonus at an appropriately lower rate.

(4) Work collectives and individual working people who assign higher plan quotas to themselves and help fulfil and exceed their shares in the plan tasks with reduced material and financial funds shall get an advantage as to the size of the end-of-year bonus.

(5) When shifts are lost or other gross violations of labor discipline or of civic duties are committed, or in case of criminal offenses not covered by section 6, the end-of-year bonus may be reduced for the working people in question or may be dropped altogether.

(6) In serious violations of civic duties or of socialist labor discipline, in accordance with Article 56 of the GDR Labor Code of 16 June 1977 (GBL Part I No 18 p 185) leading to summary dismissal, and in crimes in the sense of Article 1 section 3 of the GDR Penal Code of 12 January 1968, in the revised version of 19 December 1974 (GBL Part I, 1975, No 3 p 14) no legal claim exists to an end-of-year bonus.

Article 10

(1) Bonuses, including the end-of-year bonus, for the directors and main bookkeepers of the enterprise are up to the decision of the general director of the combine with enterprise trade union executive concurrence. Bonuses for technical directors and other executive associates in the enterprise are up to the decision of the next higher chief with concurrence from the competent enterprise trade union executive.

(2) In giving bonuses to the general directors of combines and the directors of enterprises and the executive associates in combines and enterprises one looks at their all-round fulfilment of the plan in their areas of responsibility. The chief criterion is to be placed on their fulfilling the export tasks and improving export profitability. Other specific performance criteria are --the fulfilment of economic and scientific-technical performance goals and the tasks of the science and technology plan, --meeting the output proper as to plan and as to assortments and qualities, --abiding by or dropping below the scheduled material and financial allocations, --and fulfilling the tasks in improving working and living conditions.

(3) The end-of-year bonuses for the general directors of combines and the directors of enterprises and the executive associates in the combines and enterprises have to be resolutely differentiated in accordance with their performance in the fulfilment of parameters as to section 2.

(4) When obligations in labor safety, health and fire protection and breakdown are culpably violated, bonuses for those responsible have to be reduced.

Article 11

After receiving the profit and loss statement, the enterprise director, with concurrence from the enterprise trade union executive, schedules the date on which the end-of-year bonus is to be paid. That payment has to be made in the first quarter of the following year.

Article 12

(1) Monies from the bonus funds may not be used to pay bonuses for working people of other enterprises. Exceptions are:
--allocations to the complex bonus funds for investment construction projects
--and bonuses to acknowledge high achievements of working people who give socialist aid on the basis of legal regulations.*

(2) Monies from the bonus funds may be used to give pupils and students bonuses for outstanding accomplishments in scientific-practical work, in their practical year of vocational training, and during voluntary practical activity or in work done at vacation time.

Article 13

The enterprise collective contract may provide for monies from the bonus funds to be used to improve the working and living conditions of the working people in the enterprise. They must not be channelled into the culture and social welfare funds or used for investments.

Miscellaneous

Article 14

(1) Bonuses from the bonus funds including the end-of-year bonuses are not part of average wages. They are not subject to income tax or social security.

(2) End-of-year bonuses may be used as collateral up to 50 percent of the amount actually paid. That also applies to mission-related bonuses as to Article 8 section 3 paid in lieu of end-of-year bonuses.

Article 15

The ministers and chiefs of other central state organs, the general directors of combines and the local councils have to supervise the orderly use made of bonus funds, include that in their status reports and purposefully draw general rules from differentiating in target and end-of-year bonuses.

Final Provisions

Article 16

Implementing regulations to this decree are issued by the state secretary for labor and wages in concurrence with the chairman of the State Planning Commission

*In effect now is the 29 May 1972 decree on remunerating working people and settling wage costs for the performance of socialist aid (GBL Part II No 36 p 417).

and the minister for finance, the competent ministers and heads of other central state organs and the FDGB National Executive Committee.

Article 17

(1) This decree goes into effect on 1 January 1983.

(2) At the same time are rescinded:

--the 12 January 1972 decree on planning, formation and use of bonus funds and the cultural and social welfare funds for state enterprises (GBL Part II No 5 p 49),

--the second decree, of 21 May 1973, on planning, formation and use of bonus funds and the cultural and social welfare funds for state enterprises (GBL Part I No 30 p 293),

--the first implementing regulation, of 24 May 1972, to the decree on planning, formation and use of bonus funds and the cultural and social welfare funds for state enterprises (GBL Part II No 34 p 379),

--the fourth implementing regulation, of 28 June 1979, to the decree on planning, formation and use of bonus funds and the cultural and social welfare funds for state enterprises (GBL Part I No 21 p 197), and

--the order, of 5 August 1981, on the use of incentive rates for bonus funds toward exceeding state tasks in the preparation of annual national economic plans (GBL Part I No 25 p 311).

Implementing Regulation

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 34, 27 Sep 82 pp 598-600

[Official text of "First Implementing Regulation to the Decree of 9 September 1982 on Planning, Formation and Use of Bonus Funds for State Enterprises," signed by Wolfgang Beyreuther, state secretary for labor and wages]

[Text] Pursuant to Article 16 in the decree, of 9 September 1982, on planning, formation and use of bonus funds for state enterprises (GBL Part I No 34 p 595), and in concurrence with the chairman of the State Planning Commission, the minister for finance and the FDGB National Executive Committee, the following regulation is issued:

Re Article 1 of the Decree:

Article 1

(1) Autonomous combine managements form their own bonus funds in accordance with the provisions of the decree.

(2) The following enterprises and institutions form their bonus funds in accordance with legal regulations in force:

--state enterprises of the housing industry,

--enterprise schools, enterprise vocational schools and training institutions,

--and scientific-technical institutions producing scientific-technical achievements or commissioning such achievements.*

Now are: the order, of 1 March 1978, on planning, formation and use of bonus funds and cultural and social welfare funds in the state enterprises of

Re Article 3 of the Decree:

Article 2

The base amount can be revised if

- the employment structure in the enterprise is changed according to plan,
- enterprises are combined or structural enterprise units are newly incorporated or detached, and
- the number of manpower (VbE) preassigned with the state tasks is revised downward during plan preparation as the outcome of enterprise initiatives.

Such modifications have to be reasonably explained when the draft plan of the enterprise is presented. The definitive ratification of the base amount comes from the general director of the combine within the framework of state plan quotas for bonus funds.

Re Article 4 of the Decree:

Article 3

(1) If enterprises in their plan preparation have exceeded the performance parameters for the allocation of bonus money, the plan parameter for bonus funds (state quota) is made up of the base amount and the bonus money for the surplus to be planned on the basis of norms. If performance goals are not fully attained through plan implementation, section 6 of the Decree applies.

(2) In using the norms, fractions of percentages are computed proportionately (to the first decimal point).

(3) The allocation of bonus funds set down in the Decree for exceeding and overfulfilling net profits, at a rate of 5 M per percent of increase of the net profit under quota also applies when losses are smaller than expected.

(4) In exceptional cases the general director of the combine may decide to use as his basis for allocating bonus monies, in lieu of percentage deviations from net profits or losses under quota deviations from mark amounts. That applies

- when the planned profit or loss (in mark) in an enterprise is so small that a slight deviation in marks leads to high percentages in surplus or overfulfillment or underfulfillment, or
- when in an enterprise, while the plan is drawn up or implemented, losses turn into profits or profits into losses in terms of the state task.

In such cases it has to be established that the increase or reduction of the bonus fund may go up to 10 percent of the deviation (in marks) from the net profit or loss under quota.

the housing industry or housing construction cooperatives (GBL Part I No 8 p 115); the order, of 21 July 1975, on planning, formation and use of cultural, social welfare and bonus funds in enterprise apprentice training facilities (GBL Part I No 32 p 66); and the order, of 18 December 1972, on financing and stimulating scientific-technical achievements in the GDR (GBL Part II No 73 p 839).

(5) Fulfilling state quotas in exports according to economic regions is governed by the stipulations on the official form S 113.

(6) Performance parameters for the forming of bonus funds in autonomous combine managements have to be kept in line with the combine's objectives as such.

(7) For computing the admissible bonus allocations per annum, as to Article 4 section 4 of the Decree, the basis to be adopted is the number of workers and employees, excluding the apprentices, as assigned according to plan. The amount so computed increases for the overfulfilment of the performance parameters in plan implementation, per apprentice planned, by one-third of the base amount per VbE as to Article 3 of the Decree. The condition is that the financing is ensured to come out of the overfulfilled net profits.

(8) If enterprises with management organs without centralized net profits or reserve funds cannot make the allocations to the base amount of the bonus fund, allocations can come out of other managerial funds commensurate with the centralized net profits or the reserve funds. Enterprises directly under the bezirk councils get their allocations from the surplus profits made by the bezirk council as such. If that does not suffice, allocations are credited against net profit obligations to the state or come as fund subsidies.

Re Article 7 section 6 of the Decree:

Article 4

(1) Extra bonus allocations given the enterprises as to Article 4 section 3 and Article 6 of the Decree or pursuant to other legal regulations, are to be carried as initiative or target bonuses. They are to be used for financing the end-of-year bonus to the extent required for ensuring their level of the previous year. They may not be used to raise the end-of-year bonus above the level of the previous year.

(2) Extra bonus allocations made available to the enterprises from funds of managerial or other organs to stimulate extraordinary tasks are to be carried exclusively as initiative or target bonuses in recognition of the collectives or working people creating by their performance crucial prerequisites for the solution of these tasks.

Re Article 8 of the Decree:

Article 5

(1) These are the matters that are to be settled in the enterprise collective contract:

- the purpose, including the transfer, of bonus allocations in the cultural, social welfare and bonus funds in enterprise or apprentice training facilities,
- the differentiation criteria for the shares of areas and production sectors in the bonus fund of the enterprise in conformity with their contribution to increasing labor productivity and efficiency,

--the performance criteria derived from the plan for areas, production sectors and individual working people, the responsibility for establishing and reviewing the performance criteria in line with scientific-technical and economic demands made on the perfecting of production, and
--the principles for awarding bonuses and special citations.

(2) For mission-related bonuses, the terms and amounts are to be arranged through consultation with the competent enterprise trade union executive as to Article 119 in the GDR Labor Code, of 16 June 1977 (GBL Part I No 18 p 185). The mission-related bonus may replace the end-of-year bonus or be used in combination with it.

Re Article 9 of the Decree:

Article 6

(1) If enterprises have an average end-of-year bonus below M 800 per VbE, it may be raised up to that amount upon agreement from the general director of the combine and the competent trade union executive within the scope of the bonus fund produced as long as the enterprise collective achieves above-average performance increases.

(2) Higher average end-of-year bonuses in the enterprise within the scope of the produced bonus fund furthermore are admissible if changes in the employment and training structure have had effects on raising the average end-of-year bonus in the enterprise. That is the case especially if
--enterprises get a much larger proportion of specialist and college and technical school personnel or
--the enterprise has arranged, through the enterprise collective contract, for additions to the end-of-year bonuses to induce shift labor or recognize longtime employment in the enterprise and the circle of working people with entitlement widens.

The higher average end-of-year bonus resulting from that in the enterprise has to be verified and presented to the general director of the combine for confirmation.

(3) Enterprise accords on raising the end-of-year bonus for shift workers or longtime members of the enterprise over the amounts established in the current enterprise collective contracts, and the concluding of new enterprise agreements pertaining to that, are admissible only in exceptional cases and must be confirmed by the competent minister in concurrence with the state secretary for labor and wages.

(4) If a more highly qualified labor task is agreed on with the working people, the end-of-year bonus must be fixed from that moment on in line with what working people with comparable qualifications, responsibilities and performance receive in the work collective concerned.

(5) The final determination of funds for end-of-year bonuses in the various areas and production sectors, including the managers, is subject to the enterprise directors' presenting their profit and loss statements and to agreement

from the competent enterprise trade union executive. In line with the terms agreed on in the enterprise collective contract, it is dependent on
--the bonus fund the enterprise has in fact produced and
--the meeting of terms assigned in the areas and production sectors.

(6) Stipulations as to sections 5 and 6 of the Decree also apply to a mission-related bonus paid in lieu of the end-of-year bonus.

(7) Stipulations in section 6 of the Decree also apply if the acts incurring the loss of entitlement were committed not until after the end of the plan year but still before the end-of-year bonus is paid, or were ascertained within that time frame.

Re Article 10 of the Decree:

Article 7

(1) Executive associates in terms of Article 10 of the Decree are all chiefs of work collectives. The performance criteria to be assigned those associates are to be derived from the plan tasks in their area of responsibility and set down with regard to the socialist competition objectives. They must reflect the high demands made on the management of socialist collectives. The size of the end-of-year bonus depends on the fulfilment of the preassigned performance criteria.

(2) The competent minister rules on the bonuses, including the end-of-year bonuses, for general directors and chief bookkeepers in the combine. In bezirk-managed combines, the chairman of the bezirk council makes that decision.

(3) The end-of-year bonuses for the general director, the technical directors and the main bookkeepers of combines come out of the bonus funds of the parent enterprise when there is no autonomous combine management.

(4) The payment of end-of-year bonuses to general directors, directors, technical directors and main bookkeepers in combines and enterprises is subject to State Audit passing on the propriety of the year-end closing documentation.

Article 8

This implementing regulation goes into effect on 1 January 1983.

96.11

CSO: 2309/29

PRESENT AND FUTURE OF ECONOMIC REFORM ASSESSED

Progress of Economic Reform

Warsaw TRYBUNA LUDU in Polish 28 Sep 82 pp 1, 2

[Article: "At a Session of the Council of Ministers, Report on the Progress of the Economic Reform: Correction in the System of Operation of Enterprises"]

[Text] The Government Press Office informs: On the 27th of this month, a session of the Council of Ministers took place. The session was chaired by the premier, Army General Wojciech Jaruzelski.

The Council of Ministers discussed the status and the results of the implementation of the economic reform in the first half-year period of 1982. A report on this matter was made by the government plenipotentiary for economic reform. The views of the economic advisory council were presented by the council's chairman, Prof. Czeslaw Bobrowski, who attended the session. During the debate, the Council of Ministers considered and utilized opinions and proposals from the 22 September session of the Commission on Economic Reform, and also information provided by the Supreme Chamber of Control on the results of controlling the process of the implementation of the reform.

This part of the government session was attended by representatives of the management and self-government of the work forces of 17 enterprises. The following persons, besides members of the government, took part in the debate: Kazimierz Ryc, vice chairman of the Consumers' Federation; Ryszard Karger, director of Polish Maritime Shipping in Szczecin; Ryszard Dobrowolski, director of the "Elektrim" Polish Foreign Trade Association **[PTH]**; Barbara Polanska, director of the "Pollena-Uroda" Warsaw Cosmetics Factory; Eugeniusz Pustowka, director of the metallurgical plant of the Lenin Steel and Iron Works in Krakow; Tadeusz Rekiel, director of the Voivodship Domestic Trade Enterprise **[WPH]** in Lublin; Leszek Osinski, director of the M. Kasprzak Radio Plant in Warsaw; Wojciech Lewandowski, chairman of the Employee Council of the Pruszkow Office Supplies Plant; Stanislaw Gladecki, director of the "Mysiadlo" State Farm Combine in Piaseczno; Tadeusz Banach, director of the Truck Factory in Starachowice; Janusz Swietlicki, director of the Lublin Sugar Mills State Enterprise **[PP]**; Aleksandra Grabka, deputy director of the Defenders of Peace "Uniontex" Plant in Lodz.

The reform, which has been implemented for over 8 months now, aims, as we know, at substantially modifying the methods of operation of our economy and at creating opportunities for better management. Moreover, it is destined to play a significant role in overcoming the economic crisis and reinforcing social justice.

Our society's assessment of the process of the implementation of the reform is dominated by criticism. People speak about the social cost of the reform and blame it for the decrease in our society's wealth and for the increase in the cost of living. As was stressed during the debate, such assessments are subjective and unfair. It is not the reform that should be blamed for the enormous inflationary curve, the depletion of the market, as well as the decrease in the level of production and of the national income. The worsening situation with regard to economic management and to the population's living conditions is a consequence solely of a deep economic crisis, including our foreign indebtedness.

We should not forget that the modification of the system of operation of our economy was initiated under extremely difficult conditions. We started to implement this gigantic project not at the beginning of 1983, as had been planned previously, but a year earlier, on 1 January 1982. The present economic situation of our country, through whose prism the reform is usually assessed, is very strongly influenced by neglect and disproportions which go back many years and, above all, by the intensification of the crisis phenomena through the economic sanctions of many capitalist countries. These factors, naturally, have produced definite repercussions and unfavorable phenomena.

The Council of Ministers assessed as crucial the decision to introduce the economic reform. The reform is affording our country a great opportunity. Therefore, any retreat from the reform is out of the question; on the contrary, we must be persistent in continuing our actions which aim at modifying the system of operation of our economy.

Preventing Unjustified Enrichment at Other People's Expense

Negative assessments of the reform are also caused by the fact that the economic crisis does not affect all social groups to the same degree. Actually, it is here that we discover defects in the practical implementation of our government's economic policy with regard to the private sector. Some groups of our society are getting rich quickly. Black market operations are favored by the fact that the deliveries of goods to the market are insufficient to meet the demand. The welfare of the working class and of the working people require further intensification of the campaign against these social pests. Without changing the principles of its policy toward the private sector, particularly as regards the latter's supplementary role in developing market and pro-export production as well as services to the population, the government will prevent, through all available means, unjustified enrichment, and will wage a relentless campaign against black market operations and a parasite way of life.

It was ascertained that 8 months after the initiation of the reform, the tempo and scope of the implementation, in general, is following the timetable which was accepted in the "Directions of Reform" document. Practically all fields of our economy have been affected by the reform. The greatest progress has been made in the formulation of the legal and systemic principles of operation of the reform.

Elimination of Existing Intermediate Elements of Management

The scope of the new solutions includes the transformation of state enterprises into independent organizational units [plants and equipment]. This is reflected, among other things, in the process of elimination of heretofore existing intermediate elements of management--associations--and creation of a new, with regard to tasks and powers, organizational structure of management and unions [of enterprises]. New principles of planning, statistics, and banking have been introduced. The tax system, as well as the organization and principles of operation of foreign trade, have also been reformed.

The situation is not as good with regard to the modification of organizational structures within enterprises and the application of the detailed solutions of the reform to individual jobs.

The penetration of the reform into everyday life is in its initial stage. Of crucial importance will be here the linking of the employees' income both to their work contribution and to the results achieved by an enterprise. At present, after the principles of compensation for 1982 have been defined and a draft of a general reform of [the] wages [system] has been published, there is an increasing interest in the principles of the reform and in the adaptation of the procedural methods to the new mechanisms in places of employment.

Our society's understanding of the essence and objectives of the reform affects considerably the latter's further progress and our social and economic policy, because it has a direct influence on the operation of our economy. This is particularly important at present, when there is a sharp contradiction between the need to rapidly implement the new mechanisms of the operation of our economy which will consistently enforce economic discipline with the aid of economic instruments, and our society's pressure to avert, for social reasons, the consequences of the crisis. This contradiction is reflected in many areas and above all in the incentive system and our approach to problems of employment. The government will continue, in a determined fashion, to solve these contradictions by combining its social policy with its economic policy, on the basis of the existing justified principles of the reform.

Striving to Obtain Better Results in Fight Against Inflation

At the same time, the Council of Ministers recognized the need, resulting from practice, to make some corrections in the assumptions of the reform. The concern here is, above all, to obtain better results in the fight against inflation. The most important task is now to reinforce mechanisms which stimulate an increase in work productivity, better utilization of manpower, savings on

energy and materials, and improvement in work quality. Moreover, it is absolutely necessary to intensify actions aimed at increasing opportunities for growth for enterprises, and to achieve greater flexibility in providing enterprises with material means of production.

Further Price Regulation

The Council of Ministers directed its attention [also] to the need for further price regulation. It is necessary to expand the scope of regulated prices to the most important semi-finished products and subassemblies. It was asserted that unjustified price increases were occurring in this area, which could not but affect the prices of finished products. It is necessary to introduce a preventive mechanism and bring about a situation in which the prices will reflect the actual outlays.

The introduction of such a mechanism should be accompanied by improvement in the tax system.

It was also thought to be necessary to introduce a category of unjustified costs, as an instrument of improving the management of production factors in an enterprise, which would prevent enterprises from shifting the cost of their inefficient management to consumers.

Attention was also directed to the need to change the principles of encumbering enterprises with payments into the Vocational Activization Fund. Present solutions have not resulted in better utilization of labor resources in enterprises. It is necessary to modify the nature of this encumbrance by linking it to production results obtained by enterprises and to their efficient management.

A System of Income Tax Credits

In accordance with the reform's assumptions, a system of income tax credits is an important instrument affecting the economic decisions of enterprises. Up to now, these credits have been utilized only with regard to export production. The Council of Ministers recommended acceleration of work on comprehensive regulation of the problem, pointing out that the principles of application of tax credits should favor accomplishment of general economic tasks and prevent utilization of these credits for any parochial aspirations of enterprises.

Improvement of Systemic Solutions in Foreign Trade

The next recommendation of the Council of Ministers pertains to improvement of systemic solutions in foreign trade. Our concern is to increase their effect on exports growth and on better management of imports.

Much attention was devoted to the matter of resisting the formation of economic monopolies which, as a rule, place an enterprise or an association in a privileged position at the consumer's expense. The urgent need to establish principles of combatting monopolistic practices as well as attempts to divide

up domestic sales markets and to fix prices, was pointed out. Acceleration of work on a draft of an appropriate law was recommended. The special anti-monopoly group in the Commission on Economic Reform, which will be implementing the tasks provided for in the draft of the law, should be operative by the time the law is passed.

Self-Government Is the Basis of Economic Reform

One of the main features of the economic reform is the principle of self-government. In recent weeks, the process of resumption of the activity of self-government units has been accelerated considerably. The Council of Ministers recommended initiation of vigorous actions aimed at creating conditions which would facilitate the implementation of the principle of the self-government of enterprises. At the same time, it was recommended that a comprehensive program of training self-government activists be prepared and implemented.

Next, the Council of Ministers accepted the changes in the operating system of state enterprises in 1983, and it charged the Economic Committee of the Council of Ministers to examine the necessary corrections in the operating system of enterprises, in accordance with the accepted changes.

It was decided that the legal acts pertaining to the accepted proposals should be issued within a time period which would allow enterprises to operate according to the modified principles as early as 1 January 1983.

A resolution was also passed with regard to the general conditions of sales and delivery agreements between units of socialized economy.

Three Year Plan Review

Warsaw TRYBUNA LUDU in Polish 28 Sep 82 p 1

[Article: "What Kind of Three Year Plan? After the Session of a Commission of the PZPR Central Committee"]

[Text] The assumptions of the National Socioeconomic Plan [NPSG] for the next three years and up to the year 1990, as well as the problems related to the implementation of the economic reform, were discussed yesterday by the PZPR Central Committee [RC] Commission on Economic Reform and Economic Policy. The session was chaired by Stanislaw Opalko, member of the Political Bureau of the Central Committee and First Secretary of PZPR Voivodship Committee in Tarnow. The session was attended also by the Head of the Economic Division of the Central Committee, Stanislaw Gebala, by secretaries of other problem-solving commissions of the Central Committee, as well as by deputies and representatives of ministries.

The debate was initiated by the deputy chairman of the Planning Commission, Andrzej Karpinski, and by deputy plenipotentiary for matters of economic

reform, Zdzislaw Sadowski. Materials from other problem-solving commissions of the Central Committee, proposals from discussions in party organizations, and opinions of voivodship committees, were helpful in the debate.

The discussants emphasized that the choice of a concept of the plan would largely depend on the socioeconomic situation, which is conditioned, among other things, by the following factors: possibilities of raw and other materials supply, the volume of agricultural production, the balance of payments, etc.

It can be anticipated that the process of [Poland's] economic recovery will be occurring under conditions of increasing international tension resulting from U.S. government attempts to alter the existing balance of power.

Regarding the proposed variants of distribution of national income, Commission members favored the concept of "protection of consumption" and urged that increasing attention be devoted to food economy.

A proposal was made to leave the matter of working on off-work Saturdays up to individual decisions by plants and work forces.

The key problem is now to orient the development of our economy toward increasing our exports. Of considerable importance here is further development of our economic cooperation with the socialist countries, and principally with the Soviet Union.

The need for better management of consumption of energy and raw materials was strongly emphasized by the discussants. Decreasing the energy-intensiveness and material-intensiveness of products should be the first and basic principle of the three year plan. In Poland--the discussants stressed--consumption of energy per unit of production is two times greater than in highly industrialized countries.

In order to insure preferential treatment and implementation of better management of raw materials and energy, use should be made of the new incentive system being introduced within the framework of the economic reform. It is expected that this system will result in increased productivity and better quality of production.

Demands were made to indicate more clearly the risks as well as the opportunities in drafts of the plan being debated publicly. The present proposals, in the opinion of many discussants, do not meet this requirement.

Attention was drawn to the purposefulness of introducing into the financial system a strong anti-inflation mechanism which would discourage price raises and eliminate unjustified financial advantages.

The motions, proposals, and remarks which were made during the debate, will be used in the preparation of an opinion which then will be communicated to the Political Bureau of the PZPR Central Committee and to the government plenipotentiary for matters of economic reform.

CRITICAL ANALYSIS OF THREE YEAR ECONOMIC PLAN PUBLISHED

Warsaw ZYCIE GOSPODARCZE in Polish No 37, 3 Oct 82 p 3

[Article by Tomasz Jezioranski: "A Difficult Question: How?"]

[Text] Construction of each economic plan, regardless of its scope and time frame, essentially boils down to the answer to the following two questions: What and How. Because of the integral link between these two categories, the measure of the plan's quality should be first of all the compatibility of such categories.

While analyzing the instrumental part of the 1983-85 draft plan, one cannot ignore the part of the plan which deals with its aims. The more so, since the history of the past 30 years proves that it had been the underestimating of the problem of methods for reaching even the most justified aims that has often been the cause of many economic and social failures.

The draft plan has been the target of considerable criticism at the latest Commission on Reform meeting (22 September). Also criticized, although not exclusively, were aims aspects of the plan. Among other things, the general nature of definitions, lack of translations of topical aims into financial language, and especially the excessive number of targets were pointed out.

Union Was Missing

The latest drawback, that is, too many economic targets lacking any hierarchical order, can be in a way explained by an attempt to attain fastest possible and most showy equilibrium, and to get out of the crisis. I doubt, though, if we can manage to fulfill this package of targets.

Lack of realism in the part of the draft dealing with aims has not failed to influence, and maybe has altogether decided, the flawed instrumental part. It is a catalog of the necessary detailed changes in the economic and financial system. It can be said that the catalog is quite complete, and each its item is objectively just. As a whole, though, all this does not compose a vision of a system, although--here I would like to refer to the opinions voiced at the Commission meeting--such a vision should be included in the draft plan.

I do not suppose that it has been left out as a result of oversight. It is rather a missing element that has been forced out by an excess of just aims, which are in part mutually contradictory. It is difficult to construct a compact and logical system of instruments if there are divergent aims. On the other hand, it is a hellish task to create a plan with a union of aims and instruments, and which at the same time would be an ultimate remedy for the economic crisis and an effective shield protecting the basic social concerns. Under present conditions it may even be an unattainable aim.

However, the plan's premises do exist, and we can do nothing else but examine what instruments can help us realize the main targets. I say "main" because I do not think that a systems-type mechanism can exist that would assist realization of all the aims.

Some Vague Aspects

Having read the draft one is led to a conclusion that, next to four social targets, our economy faces two general economic targets. The first is the increase of production, the second is the improvement of the efficiency of management. In my view, those targets are of equal importance and mutually interdependent. The whole economic and financial system should be geared toward the implementation of those targets.

A question arises whether the system in force this year permits realization of the rather high aims that have been set by the Planning Commission. Remember that the draft mentions attaining in 1985 (and in case free Saturdays are abolished, a year earlier) a global market equilibrium owing to a 12-17 percent production price increase, and a reduced demand according to the principle of decreasing price growth rate, from 25 percent in 1983 to 10-15 percent in 1985.

While the main source of production increase will be an improvement of the efficiency of management, and first of all decrease of the use of raw materials, materials, fuels and energy per production unit, I would add for the sake of clarity that the improvement in the management of materials is supposed to take place on a scale unprecedented for Poland.

It does not make much sense to prove the point that the present economic and financial system absolutely guarantee realization of these aims. Even in the light of those faint symptoms of improvement in the areas of materials management and labor productivity that are noted by "Report On the Progress of Implementation of the Economic Reform In the First Half of Current Year." Therefore, the system should be improved, and the draft plan strongly underlines this stipulation. Unfortunately, the constructive proposals are not sufficiently concrete, and when one reads them carefully they are also inconsistent.

Thus, the premises are saying (and this is logical) that in order to gain the planned growth of effectiveness it is necessary to apply a viable motivation system. Agreed. But at the same time a substantial slowing of demand is being anticipated, which is seen (unfortunately, also correctly) as the second necessary instrument helping regain the balance. What should be, however, the

relationship between those instruments? At what level should real wages be set? There are no answers. Consequently, one feels uneasy whether the motivational intentions would not actually cancel out the anti-inflationary initiatives, or whether the anti-inflationary initiatives would not dull the motivational instruments.

The whole matter is made even more fuzzy by the version based on the premise of forsaking free Saturdays. The plan says that work on Saturdays will provide additional output, and obviously it will be so if the materials requirements are fully met. But work on free Saturdays means not only additional output but also additional, and higher than for a normal work day, pay. The first question that follows is: How does this possible flow of additional money relate to the anti-inflationary policy?

The authors respond that the value of the Saturday output will exceed the pay. But that value of additional production will be composed of quite diverse products, beginning with pins, and ending with locomotives. While the flow of additional money will be directed toward market goods, particularly food, clothes, shoes, furniture, household appliances. Will the market sustain this increased pressure on those easily predictable goods?

Obviously not, and one can read this answer in the draft itself. Since it says that the anticipated 1985 (or earlier) global balance will be accompanied by sectional imbalances on such markets as meat, light industry products, as well as some durable goods. This should suffice.

In conclusion: the point is not only to stimulate production and to balance it globally with people's incomes, but also to work out proper structure of such production. If we want to lengthen the work week, the economic and financial system should take this aspect into account.

Principal Modifications

There is an near general agreement regarding the basic weakness of the system-- it is the faulty construction of the profit measuring instrument. Together with the tax system, it acts under certain circumstances as a brake on production, while contributing to the deterioration of efficiency.

It has been stated at the Commission meeting that until a new, really good and at the same time simple measure is designed, the present one should be replaced by a simple profitability rate. I agree with this view, especially in the light of the systematic modifications proposed by the Office of Government Plenipotentiary on Reform in its "Report". Three of them seem to be most important for implementation of the plan's main goals.

The first, although viewed by the Commission members as the most controversial one (see the information next to this text), is the introduction of an anti-inflationary tax. It would take away from enterprises a considerable (but how large?) part of profit that has been made by raising prices (existing on a given day, as point of reference for a whole year), and that has not been justified by changes in the official prices of raw materials, other materials,

fuels and energy. One can hope that this tax would stop in a tangible way two highly unfavorable phenomena: prices rises to attain easy profits, and also, the concealing of enterprises' inefficient management in their prices. Thus, the essence of reform, that is the desire to make maximal profits, would become a widely supported activity, and not one disquieting to public opinion.

The second change concerns supplementing the system with a category of unsubstantiated costs. This matter has been discussed over the period of more than a year, unfortunately until now the Price Office has not succeeded in designing proper legal guidelines. It is a necessary instrument of enforcing the rationalization of production costs, countering the deterioration of quality, as well as defending the consumer against all the costs derived from crisis and confusion.

Finally, the third change is the income tax. Although the Ministry of Finance declares that it would not give in on this point, one must hope that long-range interest of the economy will prevail over the immediate fiscal needs, especially when the state budget would be relieved of at least part of the subsidies. A change in tax rates is indispensable.

Maintaining the profitability measure should be followed by a lowering of the degree of progression in the tables' lower brackets, because enterprises with low profits are in a very unfavorable financial situation. If, on the other hand, the rate of profitability measure is accepted, the tables should perhaps be totally rebuilt in a regressive-progressive form.

Speaking of the tax system, one cannot overlook the problem of FAZ (expansion unknown). This tax causes general resistance and unending criticism, both from the enterprises as well from the experts, even though payments from this tax are so far only around 4 billion zlotys, out of the planned annual revenue of 150 billion. Successful tax avoidance does not justify the statement, as somebody has argued at the latest Commission meeting, that this is not an issue.

The issue does exist, although it does not consist of the actual amount of payments but of the social costs of massive tax avoidance. The price we are paying for this is a continuation of uneconomical management of the labor force. It is a very high price, far too high a price. Under the condition of shortage of foreign exchange needed for the supply of imports, the hope for our economy in the coming years lies in substituting deficit elements of production with those we have in abundance, and which are being badly managed. Of course, the simplest solution would be to just give up double taxation of profit, since this is the real meaning of FAZ, one can claim. It is hard to deny, though, that the scale of present market disequilibrium forces us to restrain excessive pay ambitions of enterprises, and it is preferable that the bridle have an economic character rather than an administrative one.

We have proposed some time ago in this publication (through the voices of the representatives of industry) to correct the FAZ rates not by utilization of the decline in employment index but of the labor productivity index. This was received with criticism by the reform's proponents. Today, at the

commission meeting, it has been proposed to make the deduction dependent on the amount of net output multiplied by a standard that would be uniform for all enterprises.

Maybe this change would relate favorably with preceding ones, in any case it should abolish the nonsensical barrier hindering economical cadres management. This is a solution difficult to digest for the partisans of reform purity, especially since the WOG [large economic organizations] experience can make one fearful that the basic norm will remain only a theory, while in practice exceptions will rule.

Change of Structures

Although the presented changes in the economic and financial system should influence favorably the increase in the growth rate of production and improvement of efficiency on the enterprise level, they would not, however, constitute a sufficiently strong lever for structural changes. The latter, in view of the nature of our crisis, are indispensable, as the draft plan very emphatically brings out.

Let me point out here that the necessity of structural changes being granted in the draft is in my view its strongest point. Seemingly there is nothing unusual about it. But for everybody who is aware of the strength of the lobby that maintains that it is not structural faults but an inconsistent application of the orders-distribution system that causes the crisis, the scale and significance of this feature of the draft plan are important.

The draft places such adjustments of structures in the foreground, which "especially in the initial period, will assist in overcoming the barriers preventing utilization of production potential that have been built in the past and are now at our disposal..." Translated into concrete language, this means first of all: lowering the energy and materials intensiveness of the national income, better utilization of domestic raw materials sources with a parallel limitation of imports intensiveness, promotion of exports and rationalization of employment.

Each of these goals is a separate topic, thus an exhaustive discussion of all of them in one article is not possible. It seems apparent that a key role in the realization of these goals must be played by systems-type stimulation, mainly in the area of investments and foreign trade.

We have devoted a separate article in ZYCIE GOSPODARCZE to the problem of investments in the draft plan. So, to make the matter short: a view is gaining more and more popularity that although excessive freezing of investments may protect consumption in the short run, actually it does not help extricate us out of the crisis, because it is difficult to talk seriously about structural changes without investments. Thus, those experts are right who maintain that beginning next year the main channels of capital flow formally created by the reform should be more and more decisively open.

The burden of financing of investments should be decisively shifted from the central budget to the enterprises, assisted by a bank credit with a diversified interest rate (which we have advocated).

The idea is right; unfortunately the plan's premises do not make clear what changes should be made in order to stimulate investment initiatives (and not just bungling) of the organizational units [plant and equipment]. I think that, next to clear principles of utilization of the diversified interest rate, clear principles concerning tax benefits for those undertaking an investment effort are also indispensable. However, I would like to stress that those must be principles, and not just this year's practice of total on-the-merit-judgement.

How To Stimulate Exports?

It follows from the "Report" that, with an exchange rate of 68 zlotys to a ruble, and 83 zlotys to a dollar, around 67 percent of exports remain within the limits of profitability, although the principle has been accepted earlier that exchange rates should guarantee a 75-85 percent export profitability. The conclusion is clear: the exchange rates are too low, particularly if we realize that the 67 percent index has been achieved with a depressed multiplier of raw materials and other materials prices.

This situation hinders exports, first of all of manufactured goods, especially if there is a competition of the starved domestic market which will accept anything without much fastidiousness. The reverse side of the too low exchange rates is an invitation to import. In sum, it is an unacceptable situation.

It is therefore necessary, it seems, firstly to make the exchange rates more realistic and uniform, secondly to utilize more elastically the instrument of customs tariffs, and thirdly to introduce into the economic and financial system a mechanism that would promote effective exports.

Such benefits cannot have only subjective and symbolic rank, the way they are now; they should be real stimulators built into the system. I do not mention the problem of continuing and improving the well-tested concessions policy and the foreign exchange allowances policy, because the trends in those areas are obvious.

In conclusion, a thought of general nature. Exactly 3 months ago, that is on 22 June this year at a meeting with the consultants on the reform, Minister Wladyslaw Baka stated that by the end of September at the latest the enterprises should know all the details of the new economic and financial system. It is indeed time that the enterprises not expect some philosophical deliberations, but concrete regulations: different kinds of rates, official prices, principles of financial management, etc. Without these one cannot begin work on an enterprise plan.

Unfortunately, not only do the plan's premises not include such specifics, but what is even worse, the discussion at the Committee meeting reveals that the

economic and financial system for the coming year is still very hazy. Because it is not being said anywhere that the tested solutions suggested by the "Report" will be gladly accepted by other parties which participate in the decision-making process. Thus, the bargaining is still ahead of us.

I do not want to play the role of fortune-teller and predict when the system will be finally approved. I suspect that it will not be soon. Regardless whether the enterprises will receive it at the end of October or November, as was the case last year, one thing is certain--work at the enterprises on plans will drag into the beginning of next year. Thus, for at least several months the whole economy will again function as a somewhat free-for-all system.

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SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

Warsaw TRYBUNA LUDU in Polish 25 Oct 82 p 7

[Text] Announcement of Exchange Rates Table No 44/82, effective 25 October 1982, by Stanislaw Majewski, president, Polish National Bank, on 25 October 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,808.68 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries].

[Table on following page]

Exchange Rates Table No 44/82

Country	Curr Symb	Currency	Foreign Exchange		Money		
			Purchase	Sales	Purchase	Sales	Average
			4	5	1	2	6
Saudi Arabia	771	1 rial***	25.17	25.43	--	--	25.30
Australia	781	1 Aust.dollar	81.84	82.66	80.60	83.90	82.25
Austria	786	100 schillings	490.05	494.97	482.66	502.36	492.51
Belgium	791	100 francs	177.22	179.00	174.55	181.67	178.11
Denmark	792	1 kroner	9.79	9.89	9.64	10.04	9.84
Finland	780	1 markka	15.92	16.08	15.68	16.32	16.00
France	793	1 franc	12.15	12.27	11.97	12.45	12.21
Greece	724	100 drachmas	121.45	122.67	105.27	124.50	122.06
Spain	785	100 pesetas	75.33	76.09	74.20	77.22	75.71
Holland	794	1 florin	31.53	31.85	31.06	32.32	31.69
India	543	100 rupees***	895.46	904.46	--	--	899.96
Ireland	782	1 pound***	117.07	118.25	--	--	117.66
Japan	784	100 yen	32.19	32.51	31.70	33.00	32.35
Yugoslavia	718	100 dinars	147.04	148.52	127.44	150.74	147.78
Canada	788	1 Canad.dollar	70.64	71.36	69.58	72.42	71.00
Kuwait	770	1 dinar***	296.90	299.88	--	--	298.39
Lebanon	752	1 pound	20.23	20.43	19.92	20.74	20.33
Libya	651	1 dinar***	292.14	295.08	--	--	293.61
Luxembourg	790	100 francs	177.22	179.00	174.55	181.67	178.11
Norway	796	1 kroner	12.12	12.24	11.94	12.42	12.18
Portugal	779	100 escudos	97.29	98.27	84.32	99.74	97.78
FRG	795	1 mark	34.36	34.70	33.84	35.22	34.53
United States	787	1 dollar*	86.59	87.47	85.29	88.77	87.03
Switzerland	797	1 franc	40.16	40.56	39.55	41.17	40.36
Sweden	798	1 kroner	11.80	11.92	11.62	12.10	11.86
Turkey	627	100 pounds	53.68	54.22	46.53	55.03	53.95
Great Britain	789	1 pound**	147.60	149.08	145.37	151.31	148.34
Italy	799	100 lira	6.02	6.08	5.22	6.17	6.05

*Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

**Valid also in clearing accounts with the following countries: Nepal and Pakistan.

***The Polish National Bank does not purchase money in these currencies.

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MEASURES TO INCREASE OIL, GAS PRODUCTION IN 1982-1985

Bucharest REVISTA ECONOMICA in Romanian No 33, 20 Aug 82 pp 15-16

[Article by Ioan Costea, deputy director, Ministry of Petroleum: "Hydrocarbons Production in Keeping with the Requirements of the National Economy"]

[Text] Our party and state administrations' constant effort to attain one of the major goals set by the 12th Party Congress (energy independence by the end of the present decade) takes concrete form in the Programs for Increased Production of Crude Oil and Gases in 1982-1985 Above the Provisions of the Current Five-Year Plan approved at the meeting of the Political Executive Committee of 3 July 1982. According to those programs, prepared at the party secretary general's suggestion and directions, beginning this year the crude oil output is to be increased so that it will reach 15 million tons in 1985, which is 20 percent above the five-year plan task, while the output of natural gases is to be about 10 billion cubic meters above plan in 1982-1985.

Steady Growth of Crude Oil Production

Intensive analysis of the oil-bearing deposits and structures, the potential of the wells, and the technologies and procedures that can help to intensify recovery has revealed new potentials for steady growth of production in the next few years (See graph below), so that the additional output of crude oil extracted by the measures in the program throughout the 1982-1985 period will amount to more than 45 percent of the total 1981 output.

One of the main measures in the program to secure this production increase is to concentrate drilling in the most important areas at great depths. The findings from test drillings in some areas under the program for geologic prospecting for hydrocarbons, especially at great depths, shifted the operational drilling structure in favor of depth drilling, which has recently revealed industrial deposits of crude oil. The annual drilling schedules were revised accordingly and in the next few years some 500 new wells are to be dug, equipped and activated in such priority productive structures as Virteju-Stoenita, Bibesti-Bulbuceni, Calina-Draganu-Palei, Piscuri-Moreni, Ghelinta-Comandau, Contesti, Mihai Bravu, Seitin Nadlag and Turnu-Est, and also in 20 other deposits in the older petroleum regions in Dolj, Arges, Prahova, Buzau and other counties.

These measures are expected to result in a daily output of about 10,000 tons by the end of 1984.



Crude Oil Production in the Years of the 1981-1985 Five-Year Plan

- | | |
|---------------------------|-------------------------|
| 1. Millions of tons | 3. Five-year plan level |
| 2. Output obtained | 4. Million [illegible] |
| Five-year plan provisions | |
| Additional output | |

And intensified drilling tests on the Romanian continental platform of the Black Sea will make an outstanding contribution to the additional production specified in the program. Schedules whereby the Ministry of the Machine Building Industry will provide the additional platforms, both for drilling and for operation of the off-shore wells, have been planned for that purpose. This effort is a priority concern of the Ministry of Petroleum as well as the collaborating ministries supplying special materials and equipment, and it is being implemented by collectives of specialists with long experience in this field.

Besides these efforts, which will place new reserves of hydrocarbons in economic circulation and will provide most (about 80 percent) of the additional output specified in the program, specific measures have been adopted to obtain an output above the five-year plan provisions by making better use of the existing capacities and working the old deposits scientifically. Raising the use coefficient of the existing reserve of wells from the present 90 percent to 93 percent and improving the present system of operating the wells are measures that will add 70,000 tons of crude oil to the 1982 output alone. To this end steps are being taken to expand the gas-lift technology in working the Braila, Bradesti, Vilvele, Merisani, Tasbuga and other areas, since it has proved highly effective for the deposits in those areas. It is also intended to apply the Coanda effect, which considerably increases the yield of crude oil, to gas-lift exploitation of deposits of clean oil wherein deposits of carbonates do not occur.

Another main objective specified in the program is to reopen at least 240 old wells that are now unproductive and require general capital repairs. The measure will add over 100,000 tons of crude oil in 1982-1985.

To further increase the output of crude oil extracted from the deposits being worked, a series of measures will be taken for more intensive application of the methods used to intensify recovery of crude oil in all deposits. In 1982-1984 some 500 wells will be dug for purposes of subterranean combustion and reaction in the Videle-Balaria area and some 450 wells for air injection to expand subterranean combustion in the Suplacu de Barcău deposit. Moreover about 3,300 new wells will be dug for injection, reaction and compression in 53 deposits.

Besides the methods applied on an industrial scale, testing and application will begin of other new methods such as the chemical and miscible methods at some 29 capacities, including 15 deposits by injection of alkaline solutions and three deposits by injection of carbon dioxide, and also of the method of extracting the oil by mining at the Sarata-Monteoru, Runcu-Busteni and Solont deposits. In all these measures will raise the proportion of the volume of crude oil extracted by the recovery methods in the total crude oil output to 35 percent in 1985 and the degree of recovery of crude oil to the level of the assigned tasks.

Increased Volume of Natural Gases To Be Extracted

The additional output of natural gases above the five-year plan specified in the program will reach about 10 billion N [expansion unknown] cubic meters, including 3.6 billion in 1985, which is 10 percent above the five-year plan provisions for this year. Most of the additional output will be obtained from the gases associated with crude oil, and in 1985 they will exceed the five-year plan by 2 billion N cubic meters. The directives of the higher party and state administrations call for priority distribution of methane gas to chemical treatment, reducing its consumption for burning by consumers. The difference for consumption is to be made up with associated gases after they are freed of ethane and benzene.

The chief measure, which will contribute over 72 percent of the total additional output, is to concentrate drilling of gas wells upon new objectives and areas with greater productive potentials both in the Transylvania Basin and outside it in the Oltenia, Banat and Crisana areas and in Prahova, which will yield an additional output of 1.64 billion cubic meters in 1983, one of 2.18 billion cubic meters in 1984, and one of 3.1 billion cubic meters in 1985. To this end detailed monthly and annual schedules have been set for drilling the new wells and for the auxiliary installations to extract and transport the gases.

Since the peak consumption of natural gases is in the winter period, the program calls for storing the gases in the Bîlcurești structure in summer above the initial provisions, providing an additional quantity of about 60 million cubic meters for winter consumption. The consumption peaks will be met by increasing the compressing and amplifying capacity of the system for collecting and transporting the gases. Additional investment funds amounting to 1.18 billion lei have been allocated for this purpose. Among the new capacities to be built we mention the installation for desulfurizing gases in the Matca-Tepu area, the Hurezani-Corbu-Bucharest gas conduit, and 150 km of conduits to carry natural gas from the fields, the activation of which is staggered up to 1985.

Besides these new capacities, the program also calls for expansion of the installations to remove benzene from gases at Calacea, Abramut and Dofteana, as well as construction of new installations for that purpose at Ghelinta. Moreover, in order to secure an additional gas output of 464 million cubic meters in 1983-1985, the activation date of the Danes Compressor Station will be advanced from 1983 to the third quarter of 1982, and that of the Abramut Compressor Station from 1984 to the third quarter of 1983.

The opening of the small and very small deposits in the Transylvania Basin and especially in the area outside the Carpathians is a major source of natural gases. For this purpose both the respective deposits and the dates they will go into production have been determined, and the deposits will contribute about 40 million cubic meters in 1983-1985. Another measure, which will contribute over 550 million cubic meters to the additional output in the next 3 years, is intensification of exploitation of the deposits in the area outside the Carpathians by keeping the wells in operation in summertime as well as the compressor stations at the exits from the extraction fields and on the systems of main conduits for natural gases.

Recruitment and Training of the Labor Force

An important heading in the program covers recruitment and qualification of the workers needed to form new technological brigades for drilling, activation, hoisting activities, capital repairs and the crude oil recovery factor, and also for control and surveillance of the operation of the wells in use. For complete implementation of the specified tasks and measures the labor force must be recruited no later than 1982, especially the drillers for drilling, activation, repairing wells and hoisting activities. This year 1,800 workers must be recruited and trained to form at least 44 technological brigades for the said activities, and in 1983 35 more brigades must be formed with 1,250 workers. This considerable increase in the labor force within a relatively short time necessitated preparation of a special recruitment and training program. Among the chief measures taken for this purpose we mention development of internal school units and construction of new school units in the areas with present or future petroleum activity such as those in Arad, Bihor, Covasna and Dolj counties. Moreover arrangements have been made at Constanta to train the drillers and other workers essential to the off-shore drilling platforms. Also to secure the labor force and to attract youth to the driller's trade and reduce instability definite steps have been taken to improve the living and working conditions of workers in all petroleum and gas units, especially at isolated places of work. To this end efforts are being made for development of the canteen network, transportation of hot meals to isolated points, and construction of housing facilities for bachelors and apartments for married workers. Investment funds amounting to hundreds of millions of lei have been allocated in the plan for these measures.

Priority Organizational Actions and Measures

For complete implementation of the measures in the programs, the tasks were broken down according to trusts, oil fields and enterprises. Intensive efforts are being made to increase the average daily crude oil output to carry out the plan for the third quarter of 1982 and also to produce a surplus to completely cover

the shortfalls in the first quarter. For this purpose complete schedules of technological and organizational operations and measures for each month were set for the trusts, oil fields and enterprises so that the average daily output could be increased by 3,000 tons by the end of the year.

The measures that were adopted and were already being applied in July with a sure contribution to production include a 10 percent reduction in the duration of production tests at all wells where drilling is completed, through expansion of the method of preparing these operations during drilling; replacement of the extraction pumps in use at 4,500 wells through procurement of the necessary spare parts, according to varieties and standard sizes, with a contribution to production estimated at 550 tons per day; equipment of 50 wells in production with 7 1/4 inch pumps for large discharges, with a contribution to additional production of 250 tons a day; prolonging the operation of the wells between two hoisting operations, along with an actual 10 percent reduction in the duration of a hoisting operation and with a contribution of 100 tons a day, etc.

Meanwhile measures are being finalized that will be staggered up to the end of the year. Among these we mention procurement of spare parts, materials and equipment according to the schedules approved by agreement with the administrations of the supplier ministries; proper organization and equipment of the internal plants and workshops on the extraction and drilling fields for purposes of prompt inspections and repairs of equipment and to increase the volume of spare parts and reconditionings; and intensified efforts in all units to recover and reuse greater quantities of drive pipes, extraction pipes and conduits, drill bars, spare parts, barium oxide, mineral oils and other products, resulting in reduction of waiting time as well as savings in production costs. Meanwhile prompt and highly responsible action must also be taken in the other sectors contributing to oil and gas production. The machine builders must supply the machinery, equipment and spare parts regularly and in the quantity and quality specified in the contracts. It is mainly a question of depth pumps, roller bits, thermal engines, sucker rods, air and gas compressors, equipment for the new installations to free gases of ethane and benzene, spare parts and other products indispensable to the measures in the program. At the same time the metal workers will have to supply the down pipes for piping the wells, the drill bars, the extraction pipes, and the pipes for conduits, which play a critical part both in drilling wells and in raising crude oil and gases to the surfaces. Alongside those the chemists can make an important contribution by promptly supplying the chemicals for the operations to increase the flow of crude oil in wells and for expanding the processes and methods to increase the final recovery factor. It is a question of additives for the drilling fluids, demulsifiers, hydrochloric acid and hydrofluoric acid, micellar concentrates, inhibitors to combat corrosion and other products.

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ECONOMIC INCENTIVES, DECENTRALIZATION IN AGRICULTURE URGED

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[Article by University Professor Dr. Oprea Parpala]

[Text] Development of a profitable activity and obtaining of the highest possible output at minimum cost per unit of product are paramount requirements without which one cannot conceive the continuous progress of agricultural production and agricultural modernization on the basis of scientific and technological advances. These economic considerations spotlight the level of efficiency in expending materialized labor, actually defining the quality of the activity of workers in agriculture and the expertise used in boosting farm output. It is not by accident that today, more than ever before, agriculture mandates thorough knowledge of biological and agricultural sciences, the scientific comprehension of what must be done to obtain the maximum output on every area of cultivated land.

In highlighting this major requirement Nicolae Ceausescu, at the enlarged plenary session of the CC of the RCP, stressed the need for doing away "with underrating agriculture, not only theoretically, not only by investment projects and other steps, but also by the manner in which a highly productive agriculture must be understood and accomplished." This points out the program based on science, on modern technology, the only one capable of making fullest use of all the material and human potentialities existing in agriculture.

Profitability, Major Requirement

The yield per hectare and per animal remains the chief ingredient of profitability in our agriculture. Our agriculture, engaged on the path of intensive farming and modernization, has not yet attained the point when the major profitability factor becomes rationalization of production costs. We are at the stage of economic growth in agriculture where not the costs are too high but where the yields per hectare and per animal are too low in relation to the expenses made.

It is well known that in agriculture most production costs have a constant character, which is independent of the level of the yield. The costs for plowing, planting, hoeing, harvesting and the like in vegetable production and the expenses involved in the level of maintenance in animal production have a constant character. The ability of the production organizer must operate in the sensible use of these expenses at each stage of the technical process and in optimization of variable

costs. There is a threshold of yield per hectare or per animal (of course, also resulting from the cost of production factors, whose increase causes the rise in this threshold) under which one cannot achieve a profitable activity. As an example, we shall dwell on the situation in state agricultural enterprises.

Wheat growing provides the classical example of strict dependence of economic efficiency (in this case, reflected in production cost) on the level of per hectare yield. For instance, from the number of wheat-growing state agricultural enterprises that obtained outputs under 2,500 kg per hectare, only 31% achieved a production cost below 1,000 lei per ton. However, 86% of the number of state agricultural enterprises that obtained more than 2,500 kg per hectare attained a production cost under 1,000 lei per ton. Worthy of note is the fact that in none of the units where the per hectare yield was under 2,000 kg of wheat the production cost was below 1,000 lei per ton. However, in 96% of the number of state agricultural enterprises where the per hectare yield exceeded 4,000 kg the production cost was below 1,000 lei per ton.

In raising milch cows, only 3% of the units that produced under 2,400 liters of milk per foddered cow attained a production cost which was below 220 lei per hectoliter; the proportion rises to 26% for units that exceeded this yield, to reach 75% for units with an yield of more than 4,000 liters of milk per foddered cow.

The conclusion is obvious: the level of the output per hectare and per animal underlies self-management just as correct implementation of the principles of self-management and self-administration underlies the sharp increase in the output per hectare and per animal. But unfortunately, many agricultural units keep obtaining low outputs. Still in the state sector of agriculture, 28% of units that grow non-irrigated wheat in 1980 produced less than 2,500 kg wheat per hectare. For nonirrigated corn (kernels), 88% of units involved produced below 3,000 kg per hectare, and in raising milch cows 54% of units obtained outputs that were under 2,400 liters of milk per foddered cow.

It would seem that the situation is simple. The only thing to do is to upgrade the production techniques in order to significantly increase the per hectare yield, the more so because in the current context we avail ourselves of almost all material production factors. Undoubtedly, the new agricultural revolution also includes the technological revolution, but cannot be limited to it. We have almost all we need for carrying out a technological revolution in agriculture and nevertheless it is late in coming about. Why is it that a large number of production units still are obtaining low outputs per hectare or per animal, why is it that the great production potential -- natural, material and human -- which we have is not fully utilized? In my view, it is because the problems with which Romanian agriculture is confronted are not primarily technological-practical but economic.

Priority of Managerial Economic Methods and Leverages

The scientifically substantiated management system, in which democratic centralism intertwines with autonomy of the production units, ensures the harmonious blending of management economic methods and administrative methods, with the economic factors having the dominant role. The sensible use of the administrative methods which, principally, are based on the order given by the hierarchically higher body to the lower body does not affect but supplements and amplifies the positive impact of

economic methods based on use of economic factors -- prices, remuneration for work, loans, and so forth. In this context, as pointed out at the plenary session of the CC of the RCP, the priority of economic methods becomes mandatory under the conditions of implementation of self-administration and self-management.

The slow and incomplete utilization of the production potential created by the party economic policy partly results from the absolutization of management administrative methods. The orders and provisions on strictly local matters, that can be estimated and resolved only by those who are directly involved with them, trivial patronage, in internal affairs, of local agricultural management bodies and of agricultural units actually have eliminated the autonomy of agricultural enterprises. The uniformity and stereotype of solutions provided by central or even local management of agriculture could not and also were not able to help to sensibly utilize the production potential in every production unit. Consequently, administration replaced management and became, naturally, an obstacle in the way of boosting farm output.

Moreover, it is a matter of the management economic methods falling behind the changes that have taken place in the national economic evolution and which directly impacted agriculture as well. We have in mind resetting of prices for the means of production -- energy type -- needed by agriculture (farming machinery, fuel, fertilizer, pesticides, building materials, and so on), and the increase in the overall index of prices for consumer goods which are in great demand with farmers. But the economic factors, whose utilization is designed to constantly stimulate the interest of the agricultural producer for boosting production and increasing profitability, must be permanently tailored to the new economic conditions; otherwise there is an undermining of the material incentives for agricultural producers in the application of the gains of the technical revolution, in the increase of farm output.

A paramount ingredient in the policy of material incentives for agricultural producers in boosting output, the matter of prices has been central to the party agricultural policy. The repeated rises in state purchasing prices were aimed at most faithfully reflecting the materialized production costs and the increased profitability of production.

The recent measures to upgrade the system of prices for farm products, by providing production bonuses per unit of product (ton, hl) delivered to the state fund (per hectare or animal) are aimed at decisively increasing the profitability of all agricultural output and switching agriculture to self-management.

According to calculations made, at the level of outputs planned for 1982, agriculture will receive extra incomes of 15.8 billion lei from deliveries of products to the state fund. It follows that the conditions exist for increasing the profitability of all agricultural production, and this will be a vigorous incentive for boosting per hectare outputs.

In this new context, there is the need for resolving in a new spirit the problem of investment funds destined for agricultural modernization. Everybody knows about and acknowledges the greater volume of investment funds for intensive development of agriculture (although, because of materials and energy, the curve of real investments does not coincide with that of nominal investments). Unfortunately, the efficiency of these large investment funds still is low (beginning from the stage

of planning up to the stage of utilization), providing significant reserves for boosting production and increasing profitability only on the basis of sensible use of these old investment funds.

But the requirements of the new agricultural revolution in the area of the technical-material base of agriculture are significant: we have not completed the process of complex mechanization of agriculture; large areas of land are subject to negative effects of erosion, flood and ponding; the system of transportation, storage and conservation of agricultural products is only at the early stage of the modernization process; the application of the gains of the biological revolution requires new financial means for the production of seed, planting stock and pedigree animals of high efficiency, and chemical fertilizer consumption per hectare still is below the level of our potential. All this -- we repeat, in the context of higher prices for all kinds of energy consumption -- requires a greater amount of investment funds.

Self-administration and self-management are aimed at helping to efficiently use the labor resources in cooperativized agriculture. Even in the context of the great vocational changes that took place in the makeup of the rural work force (1.8 million cooperative members work permanently outside the agricultural cooperative), the agricultural cooperatives count 3.3 million able-bodied people. But poor participation in work is accompanied by large crop losses, because basic operations, specifically harvesting during critical periods, could not be accomplished at the optimal time.

The new system of remuneration for work, mirroring self-administration and self-management, regulates in a new spirit the general provisions of the remuneration system, of organization of production and work in cooperative agricultural units and in intercooperative economic associations. This eliminates the flaws of the old remuneration system, because it makes sure that the rise in the standard of living of cooperativized farmers who work in agricultural production cooperatives is directly tied to the results of everyone's work. Consequently, the incomes of cooperative members go up in proportion to the rise in the agricultural output, the commonly-owned assets and the development of the national economy. No cooperative member can be remunerated without doing useful work that contributes to the increase in production, the implementation of the plan for all indicators. This does away with the negative situations fostered by the old system that in some cases facilitated the obtaining of incomes without the work done having direct involvement with the growth of output and the expansion of the commonly-owned assets. Now cooperativized agriculture, also, puts to good use, with the necessary efficiency, the socialist principle of remuneration according to the quantity, quality and social importance of the work done.

Adequate Production Patterns and Planning Systems

The use of production patterns that allow for the efficient utilization of all mechanical means in agriculture is mandatory for self-administration and self-management. For a sensible organization of the production process the agricultural producer (whether it be an agricultural production cooperative or a state agricultural enterprise) must exercise self-management over all production means, specifically over technology, unification of the means of production with the work force under the management of the same owner being a mandatory requirement for self-administration and self-management. It is not by accident that in recent years

precisely ownership over technical means permitted state agricultural enterprises to accelerate technical progress in production and thus obtain greater yields per hectare, but also to ensure cost-effective utilization of these means, furthering technical progress at lower costs even per unit of surface and the more so per unit of product. The dissociation of ownership over the means of production also generates the dissociation of responsibility in work, with negative effects on production and on its economic efficiency.

This situation has become particularly evident in the last 2 years, after the transfer of technical means (tractors and farm machinery) of state agricultural enterprises to the ownership of stations for the mechanization of agriculture. The decline in the spirit of responsibility and deterioration of work discipline have adversely impacted the timely and proper completion of agricultural operations and consequently farm output, in the context of costs of operations going up.

The return of machine operators as work force of farms in state agricultural enterprises or their transfer as subordinates of agricultural production cooperatives, although exerting a positive influence as to greater efficiency in use of technical means, do not resolve the problem completely. Such a situation points out the theoretical and practical value of the thesis formulated by Nicolae Ceausescu in his address to the plenary session of the CC of the RCP on direct participation of working people in the development of the means of production, to the effect that one-third of the means of production belong to the work force in the unit involved, with each providing a corresponding sum, on whose basis they will receive an annual profit for the sum deposited.

This approach is designed to strengthen working people's responsibility as owners, to stimulate concern for smooth development of the activity, for self-administration and self-management.

One of the obstacles to the application of the principles of self-administration and self-management in every agricultural production unit involves administrative centralization, implemented by the Ministry of Agriculture and its local organs in the system of planned management of agriculture. Slow substitution of the planning system promoted by the party's agricultural policy, of harmonious dovetailing of democratic centralism with the economic autonomy of each agricultural unit, by excessive administrative centralism has materialized in centralized setting of all plan indicators, which subsequently are itemized at each organizational level (county, production unit), and also in setting of centrally established indicators for all aspects of economic activity in agriculture, going as far as the production of straw or bean stalks. Hence, under such conditions what kind of self-management can be involved when the production unit receives plan figures regarding the area for each crop, the herd of animals for the various species and categories, the output per hectare and per animal and the like?

The effects of such procedures were not long in showing and even in intensifying. For instance, the centralized assignment (at countrywide or county level) of the areas for each crop resulted in territorial uniformity, segmentation of crops for the various growing units, with violation of the requirements of concentration and specialization of agricultural production. The fact that in corn growing, for instance we fail to achieve the required and feasible leap in terms of per hectare

output is tied to the procedure of expanding this crop under unfavorable pedoclimatic conditions, where per hectare output cannot exceed 1,000 kg. A similar explanation applies to the cultivation of linseed flax, increasingly dictated in unfavorable zones. Is it not the same practice that pushed the barley crop to the lower limit of existence, when it proves to be one of the most efficient fodder crops? Is it not the same simplistic practice that excluded from agricultural production valuable crops such as seed pea and rape? Is it not that this same system of administrative planning has generated the attitude of disregarding one of the most valuable fodder crops, seed sorghum, without recalling the bad plight of the traditional crop of seed bean?

The necessary guidance of agricultural producers by state organs cannot be replaced by trivial patronage of production units, which undermines the spirit of responsibility of the collective managing bodies and of experts in these units, whom it converts into simple clerks, more inclined to "plant hectares of paper" than to competently organize the production process. These are matters that involve techniques of tilling the land, planting or harvesting, problems that can be resolved expertly only by specialists "on the site," in each production unit, because of the great variety of pedoclimatic conditions and optimal approaches within the same production unit. Therefore, the problem of work discipline, of greater responsibility of all specialists largely depends on the way in which the decision-making problem is resolved. A fully responsible specialist is only the one who has the decision-making right and, consequently, is responsible for the correctness of the decision made. Adoption of the decision over the specialist's head turns him into a simple executant, whose passivity does not help to establish self-management and self-administration.

In face of these realities we believe that needed in the first place is implementation of the directives given by Nicolae Ceausescu in regard to the relation between democratic centralism and the autonomy of agricultural enterprises, by shifting the decision-making and responsibility center toward the production units. In this context, in the address of the party secretary general to the enlarged plenary session of the CC of the RCP emphasis is placed on the need for blending "the responsibility of the councils of working people, of the general assemblies for establishment of plans in each unit with ensuring of a corresponding proportion between branches and sectors." Under these conditions it becomes possible to use a simplified system of indicators established centrally for planning agricultural production which, assuring the integration of agriculture into the uniform plan for the country's socioeconomic development, will stimulate the initiative of agricultural units in full utilization of all the production resources. Such a system of indicators -- as was established years ago by the party leadership -- may incorporate, on the one hand, agriculture's input into the progress of our society, translated to deliveries to the state central fund for the main farm products, and on the other hand, economy's input into the expansion of agriculture, translated to deliveries of means of production for agriculture's modernization needs.

Equally important is the simplification of the network of institutions that handle agricultural planning. Over the years a network of institutions was created whose activity overlaps, generating costly duplications in agricultural planning. This situation is making itself felt specifically on the county level, where the general directorate for agriculture and the food industry -- regarded as a body of state unified leadership of agriculture within the framework of a county -- has the

responsibility only of the production and financial plan in agricultural cooperatives. Planning in state agricultural enterprises is handled by the county trust of state agricultural enterprises, and in stations for the mechanization of agriculture, by the county trust of stations for the mechanization of agriculture. Moreover, there are county enterprises for contracting involving various agricultural products, which, in their turn, materialize the plan figures through the contracts concluded with the agricultural production cooperatives. At the commune and county levels a uniform plan is worked out which incorporates the activity of all agricultural units, regardless of the form of ownership (including private farms). Furthermore, the planning duty of the state and cooperative agroindustrial council is translated into simple centralization of production and financial plans of agricultural units under its jurisdiction. We cannot overlook the activity of guidance in agricultural production cooperative planning provided by the county union of agricultural production cooperatives. This network of planning bodies and agencies are factors in depersonalization of responsibility and red-taping of the planning system. In my view, in the current context, only these levels are adequate: the county general directorate for agriculture, the unified state and cooperative agroindustrial council, the agricultural enterprises. However, this requires the enhanced responsibility of the unified agroindustrial council as a plan coordinator, that will monitor the economic activity in all the component units, including the private farms under its jurisdiction.

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REASONS FOR NONFULFILLMENT OF INVESTMENT PROJECTS ANALYZED

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[Article by Alexandru Tache, chief inspector, Investment Bank: "Urgent Needs and Objectives in Investment Activity"]

[Text] Nicolae Ceausescu said, "We must constantly bear in mind and fully realize that it is only by securing a high level of accumulation and expanded socialist reproduction that we shall create the necessary conditions for further improvement of the people's material and cultural welfare."

Development and modernization of the national economy at the rates and in the proportions necessary to place Romania among the states with a medium economic development necessarily require allocation of a large quota and considerable sums out of the national income for accumulation. That fact was emphatically and convincingly demonstrated theoretically and practically in Nicolae Ceausescu's speech at the Expanded Plenum of the RCP Central Committee of 1-2 June 1982. As the party secretary general pointed out, "Like any society, Romanian socialist society must always provide for the means to expanded reproduction and for a large accumulation as the basis for development of the productive forces and of the nation's level of general civilization."

The results of the last three five-year plans, wherein about one-third of the national income was allocated to the socioeconomic development fund and higher economic growth rates were logged, as well as a massive expansion and modernization of industry and consequently of all other sectors of the national economy, show that this policy is viable and must be resolutely continued. To be sure a high rate of accumulation is an essential requirement for Romania's all-around progress, as it was emphasized again in the proceedings of the Expanded Plenum, but it is not the only one. A great many things depend upon the effectiveness of the accumulation and the investments. First it is necessary to make more efficient use of the existing technical-material resources, that is the previous accumulation. By some calculations, a mere 1 percent increase in the effectiveness of the fixed productive capital is equivalent this year to an additional national income about 5 times greater than that provided by 1 percentage point of accumulation. Secondly, it is highly important to allocate the funds to sectors and capacities so as to obtain a higher economic growth rate,

balanced development of the productive forces, especially geographically, and maximum economic effectiveness. And in the third place, it is vital to expend the resources for investments most carefully, to make an unremitting effort to manage them properly and close any channels of waste, and to implement the investment projects at a steady pace and on a high technical-qualitative level.

As we know, the current five-year plan provides an investment program to the value of about 1.2 trillion lei to expand and modernize 1,100 existing units, to build 1,600 new capacities, especially in the raw-material production sectors (petroleum, coal and other energy resources, and to consolidate the technical base of agriculture. Activity in the investment field last year (the first year of the current five-year plan) took the form of connecting over 600 important industrial and agrozootechnical production capacities to the productive cycle, and they considerably enhanced the economy's productive potential. But due to some defects in preparing the investment projects and in organizing and performing the operations at worksites, there were serious lags behind the plan tasks in implementing the volume of investments and in activating some production capacities, especially in the extractive, chemical, metallurgical and building materials industries.

These lags were to a great extent responsible for nonfulfillment of the planned industrial output of a number of products and varieties. Therefore recovery of these arrears as soon as possible and provision for complete fulfillment of the 1982 plan and especially activation of the planned capacities are first priority problems in investment activity with direct effects upon achievement of the aims of the five-year plan as a whole.

The party and state administrations' countless analyses of the progress of the investment projects in themselves indicate the importance and constant emphasis placed upon prompt completion of the new investment capacities in the present and long-range context of Romania's national economic development. The discrepancy between the results obtained and the Romanian national economy's potentials was quite rightly criticized at the meeting of the Political Executive Committee of the Party Central Committee, which analyzed fulfillment of the plan for the first quarter of this year and the necessary measures to complete the plan tasks for the second quarter and to recover the outstanding arrears. In the investment field the task was assigned of eliminating the lags and expediting activation of the planned units this year, especially those producing raw materials and materials, and of speeding up the technological tests (not at the expense of quality of course), which take up major material and manpower resources.

A number of defects have been dragging on for several years in the investment sector the elimination of which would enormously invigorate that activity. It is a matter of prompt delivery of manufacturing equipment by the domestic suppliers (whose task it is to supply about 30 percent of the total equipment requirement for investment projects), more rapid performance of construction and equipment installation operations, better organization of production and labor at worksites, regular supply of building materials, efficient use of the technical resources in the inventories as well as the labor force, etc. Because of defects in these areas, over 90 production capacities with deadlines specified in the plan were not completed or activated in the first 5 months of this year. These include some important capacities, such as 5 million tons of ferrous

approximately per year and 1 million tons of raw cast iron per year at the Galati Iron and Steel Combine, 475,000 tons of raw cast iron per year and 650,000 tons of semifinished products for rolling per year at the Hunedoara Iron and Steel Combine, 500 tons of forged parts per year at the Iasi Auto Parts Enterprise, 200 megawatts of power at the Dolcesti Thermoelectric Power Plant, 200,000 tons of ethylene per year and 60,000 tons of polyethylene per year at the Teleajen Petrochemical Combine, etc.

The fact is even more serious that many of the 150 capacities unfinished at the close of 1981 have not been activated even by this time, thus exceeding the construction periods approved in the technical-economic documentation by many months.

Yet there are quite a few good results which unfortunately have not been generalized and have not become public property! For instance a number of production capacities were activated ahead of schedule by the beginning of June that presented just as complex construction problems as the overdue capacities, proving once again that it is entirely possible to conform to the approved construction periods and consequently meet the planned activation deadlines when all elements involved in the investment projects perform regularly and cooperate to create the necessary conditions for regular implementation of the worksite operations. For instance, the capacity for 25,000 tons of liquid steel a year and 500 tons of manufacturing equipment a year at the Iasi Heavy Equipment Combine was activated in 6 months, or 3 months early, the capacity for 350 tons of refined aluminum a year at the Slatina Aluminum Enterprise was activated 6 months early, the capacity for 200 tons of injectable glucose a year at the Cluj-Napoca Terapija Enterprise was activated in 3 months, etc. The advantage to the national economy of expediting construction, besides the added volume of output and accumulation, is that it eliminates the risk of lagging behind technical progress and impairing the competitive power of the respective products on the international market.

The persistence of such defects as the foregoing naturally gives rise to the question how the investment beneficiaries analyzed the particular requirements for implementing the worksite operations in preparing the plan proposals (which come "from the bottom," from the economic units, today under the new economic mechanism). There can be only one answer: Either they did not analyze responsibly the requirements of each worksite for regular performance of the operations when they prepared the plan proposals, or the elements implementing the investment projects (designers, beneficiaries, builders, equipment suppliers) did not make a fully responsible effort to carry out the assigned measures. The experience of recent years has proved that preparation of plans for good measures solely for official occasions, as it often happens, does not solve the difficult problems arising in investment activity, and that it is always preferable to make commitments that are less praiseworthy in themselves a priori but quite feasible and worthy of all praise after they have been fulfilled. Under the conditions of Romania's socialist economy it should be clear that any non-fulfillment in one of the economic units, however small or unimportant it may seem at first glance, sets off a chain reaction in other enterprises and the bad effects are amplified and sometimes seriously obstruct a number of activities.

All investment experience plaeds for strict observance of the provisions of the law on thorough preparation of investment projects and the obligation not to "attack" any capacity until all conditions have been created for its construction within the planned time limits. It is more correct, and much better for the national economy, to know from the start what we can expect when we make investments than it is to aim at uncertain results.

Delays in providing for installation of equipment are one of the main reasons for serious disturbances in the regular performance of worksite operations and for postponement of the activation dates of new production capacities. At the beginning of June of this year equipment to the value of 15.5 billion lei was at worksites, including 7.4 billion lei in equipment stored there too long, and that is far too much for the normal installation requirements. Everyone knows what losses and troubles are caused by stockpiles of equipment left uninstalled for long periods, so that we shall not dwell on it further!

Unfortunately there are also frequent cases where the physical stages of the operations performed by builders allow for installation of the equipment but the supplier enterprises deliver it late, incompletely, in the wrong assortment, or in an order of installation other than that necessitated by the technological requirements. At the beginning of June of this year the volume of equipment in Romania needed to equip the production capacities with activation dates this year that was delivered within the due dates amounted to about 80 percent of the volume contracted for. Long delays were recorded by some investment beneficiaries under the Ministry of the Metallurgical Industry (43.6 percent undelivered), the Ministry of the Chemical Industry (29.9 percent undelivered), the Ministry of Forestry Economy and Construction Materials (16.8 percent undelivered), the Ministry of Mines (14.4 percent undelivered), etc.

It seems paradoxical, but in many cases investment beneficiaries recording delays in receipt of equipment accumulate large volumes of equipment in stockpiles because they are unable to have them installed, so that the normal periods of storage at worksites is exceeded by many months. This situation is caused by procurement of some equipment within the contractual time limits that cannot be installed for lack of other equipment that is late in arriving at worksites. That is how the shortcomings of some economic units have bad effects upon the investment beneficiary units, causing failures to meet the activation deadlines of the investment capacities with all the bad effects resulting from them, such as extra outlays due to the prolonged construction periods, nonfulfillment of the production and accumulations expected of those capacities, delays in restitution of the funds allocated by society to construct the respective capacities, etc.

In order to provide the enterprises producing manufacturing equipment with modern technical inventories equal to or even better than those of many comparable enterprises abroad, and in view of the necessity heavily emphasized in the party documents of producing more equipment with internal forces to outfit the investment capacities in order to channel the foreign exchange resources toward importation of raw materials, the equipment suppliers have vital tasks that can and absolutely must be efficiently completed. This is proved by countless examples of supply of manufacturing equipment of suitable quality, comparable to that of such equipment manufactured on the world level, in time to begin installation at worksites.

Recovery of the lags in operations at many capacities with activation deadlines this year places very heavy obligations on the construction-installation organizations. Essentially it is a matter of taking all organizational measures necessary for better management of material resources, equipment and manpower at worksites. That is quite possible in view of the major reserves for mechanization of operations that the builders have.

Currently the technical equipment in the inventories is insufficiently used at many worksites, and the proportion of the actual operating time of the equipment in use is generally below 50 percent of the total available time. For the main equipment, the indices reached in the first quarter of this year were as follows: 18.8 percent for scrapers and automotive scrapers, 37.7 percent for excavators, 40 percent for automotive cranes and derrick cranes, 40.8 percent for loaders, 42.7 percent for bulldozers, etc. These indices are obviously very low, and the physical outputs obtained per unit of capacity are still below those of 1980, as they were last year. Such use of the equipment in operation as well as maintenance of a large volume of idle equipment have bad effects upon the economic-financial situation of the respective enterprises, caused by the outlays on maintenance and amortization.

A number of delays in construction operations are largely due to disregard of labor discipline at worksites. The centralized data on the level of the national economy indicate that many thousands of hours are lost at the construction sites because of unexcused absences and leaves, and there are stoppages of the equipment due either to shortage of workers or to failure to perform maintenance and repair operations at the planned times. This situation calls for firm measures at every worksite for strict enforcement of labor discipline and for participation of each one with all forces in order to perform the operations on schedule.

The investment beneficiaries have important functions in maintaining a steady rate of construction operations. It is primarily important to deliver the construction specifications and estimates to the construction organizations on time so that they can organize their production process in advance under the best possible conditions. When the construction documentation is not delivered promptly the builders often have to move their forces to the capacities provided with documentation, to return to the capacities they have left later, after the overdue documentation is delivered. Besides the uneconomic outlays caused by these shifts of manpower and equipment from one capacity to another, lack of construction documentation forces the worksite operations to be performed sometimes on a shock basis and sometimes with periods of stagnation.

Although measures have been taken in recent years to restrict the investment workload and to finish the capacities under construction as quickly as possible, there are still major arrears from previous years in the preparation of the construction specifications and estimates. At the beginning of May of this year the volume of operations planned for this year was only 83 percent provided with construction specifications and estimates, long delays being concentrated in the operational units under the Ministry of Industrial Constructions, the Ministry of Agriculture and the Food Industry, the Ministry of the Metallurgical Industry, the Ministry of Electric Power, etc. And we repeat, the first consideration for builders to be able to perform the operations regularly is to receive

the documentation on time. Completion and earliest possible delivery of the entire volume of documentation for the operations planned for this year are especially urgent because a large part of them are for the investment capacities planned to be activated by the end of 1982.

In the investment plans of the last 3 years the funds allocated to start new investment capacities were considerably reduced so that most of the financial, material and manpower resources would be used to finish the projects started in the previous years. But it should be noted that the volume of operations still to be performed at the started capacities is equivalent to almost the total value of three annual investment plans. That is why reduction of the period of immobilization of financial and material resources in investment projects under construction and unfinished is an urgent necessity for enhancing the effectiveness of the investment funds so that the results society expects can be obtained from them as soon as possible. All the investment activities that are performed on time and under the best conditions guarantee attainment of the planned objectives to the satisfaction of the entire Romanian people, who create the resources for the nation's prosperity and for their own welfare.

5186

CSO: 2700/11

PRIVATE SMALL BUSINESS IN SLAVONIJA-BARANJA AREA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 14 Oct 82 p 3

[Article by Veroljub Petrovic: "Unemployed Labor For Additional Activity"]

[Text] In the current economic situation, when the center of attention of all determinations, in addition to increasing the efficiency of business, is searching for unutilized reserves, so-called small business with independent handicraft trades is again becoming the object of interest from the sociopolitical organizations and economic organizations of Slavonija and Baranja. On several occasions, people have discussed the place and role of small business and independent handicrafts in overall economic development, primarily from the viewpoint of supplementing large-scale production and employing new additions to the labor force.

Various documents have been warning for years now of the way in which small business is falling behind; as an illustration, we will mention that in the middle of this year only a hundred organizations were engaged in this type of activity, while 20 years ago, let us say, there were twice as many of them. One has to admit that some of the former production and service organizations have grown into real industrial organizations, as has been the case with Standard in Osijek, Zlato in Nova Gradiska, and several others, but at least 20 others have quite unnecessarily lost their previous status. These organizations suffered the heaviest blow 10 years ago during the well-known period of intensive integration trends, when many of them were simply incorporated into larger economic organizations, without any justification, as was shown later.

On the other hand, as has been stressed in all of these circumstances, the development of small business and its dispersion away from the larger urban centers is particularly important for employment of the unemployed labor force, with its varying degrees of ability to work, and for more rapid development of the underdeveloped areas, especially since the development of small business requires minimal investments in comparison with the so-called large installations which employ an inadequate amount of the new labor force, in spite of high investments, because of the automation of production. This also applies to receiving Yugoslav workers who are presently abroad, as well as preventing further depopulation of the undeveloped areas.

In examining the present state of small business, it has not been possible to avoid the problems associated with independent handicrafts as a sort of supplement in providing certain services to the population. This is because the shortage of individual types of handicrafts is becoming increasingly more pronounced in Slavonija and Baranja, although the situation differs from municipality to municipality. At this time, that area has about 4.300 independent handicraft shops employing about 4.500 craftsmen, which are not enough to satisfy all the needs. Although one can cite at least ten reasons for the continuing decline in the number of independent handicraft shops, one should nevertheless place primary emphasis on unfavorable treatment and an inadequate tax policy. Because of this position, many workers from various branches are providing handicraft services in the form of a secondary activity, and some of them are even doing this illegally.

According to data that are considered to be more or less correct, several tens of thousands of workers are engaged in this means of providing handicraft services. Perhaps best of all, it is this item of information which illustrates the possibility of employing the labor force, not to mention the income lost by the sociopolitical organizations and self-managing interest communities, lost only because of their neglect of the development of these activities.

Thus, according to the generally accepted views, a great deal of attention has to be devoted in the future to the development of small business and independent handicrafts, as activities that form part of the trends in overall economic activity. This is a relatively favorable time for this, because the medium-term development plans are being re-balanced; this provides a great opportunity for these activities to be given an appropriate place, in contrast to the place that they received when the plans were being drawn up for the first time. In order to achieve this, however, an even broader social campaign should be conducted, especially in the municipalities, to change individuals' awareness that income and new jobs are not brought only by high smokestacks, but also by small shops employing a hundred workers.

9909

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DATA ON CONTRACT ORGANIZATIONS OF ASSOCIATED WORK

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 14 Oct 82 p 3

[Article by Mladen Kosovac: "More Help Needed From the Chambers"]

[Text] A major role in the establishment and development of contract organizations of associated work belongs to the assemblies of the municipalities and to the regional chambers of commerce, which ought to assist and encourage this development, in accordance with the policy agreed upon for the development of small business. Also, in order to accelerate the process of establishing contract organizations of associated work, additions and changes are needed in the republic and provincial laws on contract organizations of associated work; this procedure is already under way in some republics (Serbia, Slovenia, and Croatia). This would simplify the present complicated procedure and excessively extensive documentation concerning their establishment, coordination of the financial rights of the founders, evaluation of the value of the business and the compensation for this value, and the return on the funds invested.

Structure

The process of the establishment of contract organizations of associated work began even before the adoption of the regulations governing the establishment and operation of these organizations.

According to the data of the Federal Institute for Statistics, the following were registered in the SFRY:

<u>Year</u>	<u>Number of Contract Organizations</u>
1977	46
1978	59
1979	76
1980	82
1981	104

Of the total number of contract organizations in 1981, the following numbers participated in the individual industries:

<u>Industry</u>	<u>SFRY</u>	<u>Bosnia-Herzegovina</u>	<u>Croatia</u>	<u>Macedonia</u>
Industry and mining	15	1	1	1
Construction	51	9	5	12
Handicrafts	33	3	4	4
Hotels and restaurants	3	-	-	-
Financial and other services	2	1	1	-
Total	104	14	11	17

<u>Slovenia</u>	<u>Serbia proper</u>	<u>Kosovo</u>	<u>Vojvodina</u>
7	1	2	2
4	10	7	4
9	10	1	2
3	-	1	-
-	-	-	-
23	21	11	8

During the period from January to September 1981, the average monthly net salary per worker in the contract organizations, for the SFRY as a whole, was 8,741 dinars. On the basis of data from the Social Accounting Service and the basic business indicators for the period from January to September 1981, it can be concluded that the contract organizations are operating successfully.

The income achieved per worker in the contract organizations amounts to 216,185 dinars, while the figure for the overall economy is 237,311 dinars; it is thus 8.9 percent lower than in the overall economy, and 13.9 percent lower in comparison with industry and mining (251,004 dinars).

The net income per worker in these organizations (170,516) is at the same level as in industry and mining, while it is 3 percent higher than the net income earned in the [overall] economy (165,592 dinars).

The process of the establishment of contract organizations of associated work, and also their operation, is accompanied by certain problems. One must particularly stress the lack of concretely adopted programs for the development of small business, as well as consideration of the requirements and possibilities for establishing contract organizations, and of how to provide locations and business premises for the needs of these organizations. In addition to this, the owners of independent handicraft shops are insufficiently informed about this form of association, its advantages, and the way in which business is done within the framework of a contract organization, in comparison with handicraft shops.

Development is also hampered by the banks' lack of interest in approving credits for the operation of these organizations, within the framework of the funds earmarked for the needs of small business, even when it is a question of a minimal amount of funds. There is an obvious lack of understanding and resistance in certain circles to this form of association, since in some circles these organizations are identified with the former "GG" enterprises. This is unacceptable, in view of the fact that these organizations are involved in organized production or providing services on the basis of the funds and labor invested.

Also justified are the very frequent criticisms that the procedure for establishing contract organizations of associated work is fairly complicated; this procedure requires that when the organizations are entered in the court register and constituted, a large number of self-managing agreements and other documents have to be drawn up, and those responsible for the initiatives are very often unable to do this themselves.

The Federal Executive Council's Positions

Wishing to activate these potentials of our economy in order to stabilize business, the Federal Executive Council recently discussed what has been achieved in small business, and recommended that within their jurisdictions, the executive councils of the republics and provinces induce the municipal assemblies and other social structures in the municipalities to become more involved in considering the needs and possibilities for the establishment and operation of contract organizations. It was also recommended that they re-examine their tax policy in order to find adequate solutions that would help to accelerate the process of establishing these organizations, similar to the solutions concerning the abolition or reduction of the tax liabilities on the income of organizations of associated work in small business.

In addition to this, it was recommended that the executive councils examine the possibility and grounds for ceding the income tax to the municipal assemblies, as has already been done in Slovenia. This would stimulate the interest of the municipalities in the development of these organizations.

It has become apparent that more involvement is needed from the chambers of commerce of the republics and autonomous provinces, as well as from the regional chambers of commerce, in establishing and monitoring the operation of these organizations. In connection with this, their assistance is essential in considering the needs and possibilities for establishing these organizations, when regulatory documents and the documentation required for the establishment and registration have to be drawn up. More involvement is likewise necessary from the organizations of associated work in direct business cooperation with contract organizations, in order to ensure a long-term production orientation and specialization by the contract organizations, and their security in business, and in order for the larger organizations of associated work to be freed from the production of smaller unprofitable product lines.

BRIEFS

KOSOVO UNEMPLOYED--Of the 80,000 unemployed in Kosovo, over 40 percent are below 25 years of age, 34 percent are without any income, and 48 percent have no land. There are now nearly 80,000 students in secondary schools in the province and about 40,000 in advanced schools; this means that by the end of 1985 there will be about 200,000 unemployed, according to Milosav Milojevic who spoke at the 16th meeting of the Kosovo trade union federation. [Excerpt] [Pristina JEDINSTVO in Serbo-Croatian 20 Sep 82 p 4]

DALMATIAN-KOSOVO COOPERATION--A self-management agreement has been signed between 19 work organizations in nine Dalmatian opstinas and the "Balkan" tire and chemical combine in Suva Reka on pooling funds to build a plant to produce tires for dump trucks. The Dalmatian signers include nine construction work organizations, and four road building organizations. The Dalmatian economy will provide 35.5 million dinars from the fund for developing underdeveloped collectives in Kosovo, while 25.5 million dinars and \$380,000 will be funds from the Dalmatian work organizations themselves. The rubber processing in Suva Reka will be done under the English "Dunlop" license. This will be the first time in our country and also in Eastern Europe that tires of such a [large] size will be produced. The raw materials will be imported largely from the nonaligned countries at a cost of \$100 million. Test production of the plant, construction of which will be financed by all republics, the Province of Vojvodina, and the Yugoslav People's Army, will begin in 1984. Annual production of 1,595 tires will be delivered to the work organizations in Dalmatia which have imported tires up to now at a cost of over 4,000 dinars per tire. The signers of the agreement will participate in income distribution and will jointly bear risks and possible losses. The value of the total investment is 6.57 billion dinars. Most of "Balkan's" share has been provided from its own development funds and part from business banks. The new plant will employ over 1,500 workers. [Excerpt] [Zagreb VJESNIK in Serbo-Croatian 16 Oct 82 p 6]

SPLIT SHIPYARD DISMISSALS--In the first 6 months of this year the Split shipyards have dismissed 111 workers, namely those who are unjustifiably absent for more than 5 working days. They also dismissed almost the same number last year for the same reasons. Many believe that numerous problems of work discipline, idleness, and sick leave are the result of the fact that one-quarter of the workers in the shipbuilding industry commute to work from villages and,

practically speaking, have "one foot also in their fields." Why in precisely this industry is there such a fight for work discipline? The answer is clear: ships are sold on the foreign market in competition with international labor productivity and we cannot lag behind. [Excerpt] [Belgrade KOMUNIST in Serbo-Croatian 22 Oct 82 pp 12-13]

EMPLOYMENT UP IN CROATIA--At the end of September Croatia had a total of 1,467,500 persons employed in the socialized sector, or 2.1 percent more than in September 1981. According to the latest data, 1,231,400 were employed in the economic sector, or 2.1 more, while the growth in the sector outside the production economy was a little lower, totaling 236,000 workers, or 1.9 percent more than last year at that time. The largest increase in employment was in agriculture and fishing (10.7 percent), forestry (5.9 percent), and water management (4.9 percent). Industry and mining recorded a 2.3-percent increase; while the only decline in employment was in construction (1.3 percent) and finance and other services (1 percent). [Excerpt] [Zagreb VJESNIK in Serbo-Croatian 24 Oct 82 p 2]

FUND FOR UNDERDEVELOPED--The fund to aid the underdeveloped areas [of Yugoslavia] will allocate 227 billion dinars for investment in the undeveloped republics and Kosovo up to 1985; 113.5 billion dinars of this will be in the form of pooled funds [between enterprises in developed and underdeveloped areas]. From 1981 to 1985, 183 projects are to be built for which 416 basic organizations have signed self-management agreements. Most of the new plants are in industry (135), agriculture (27, including 9 to be reconstructed), and the hotel and restaurant sector (10). Most of these projects (85) are to be financed by credits, 73 on the basis of income, and the method of financing 25 is not yet known. Of the total funds (227 billion dinars), 42.6 percent will go to Kosovo, or 96 billion dinars. Most of the projects will be built in Bosnia-Herzegovina (91), Macedonia (56), and Kosovo (25). However, in 1981 only 6.8 billion dinars were paid into the fund and in the first 9 months of this year 14.8 billion dinars were paid in; at the same time not one dinar has yet gone into the pooled fund. These facts were given at a press conference in the Yugoslav Economic Chamber at which Dragan Vasiljevic reported on the Federal Fund's request made to the FEC to change the law [on aid to the underdeveloped areas] so that [money from] the fund would be treated as an international loan. The criteria, he said, for using this money were submitted several years ago when the basic aim of investment in plants in the underdeveloped areas was to increase income and employment; but in the meantime the worsened economic situation has required a different approach and it is clear that investment policy in these areas must be changed. Above all, the economic structure of the country must be changed. The Kosovo example shows this very well, since the new capacities planned to be built [there] are manufacturing capacities [rather than others such as raw material development.] [Excerpt] [Zagreb VJESNIK in Serbo-Croatian 26 Oct 82 p 5]

RADIO, TV STATIONS--In 1980 there were 191 radio stations in Yugoslavia and 667 radio receivers and transmitters. There were also 8 television studios with 986 television transmitters and relay facilities so that almost the entire country is covered. [Excerpt] [Belgrade NASA STAMPA in Serbo-Croatian Jun 82 p 2]

LABOR PRODUCTIVITY--Ljuba Zeremski, director in the Federal Institute for Social Planning, said that from the standpoint of expertise the production worker in our country is not lagging behind workers in the developed countries; this has also been confirmed abroad. But the problem of labor productivity lies in the organization of work and the inadequate synchronization of relations in total social reproduction. Thus, contrary to the usual opinions, it is not justified or possible to expect production workers to increase productivity. In Yugoslavia, he said, only 10 percent of the population is employed in industry which is technologically quite strong. But sectors outside the production economy are developing very fast, so total social productivity is low. He also brought out the problem that about 40 percent of those employed do not work in jobs for which they were trained but rather in jobs requiring less education; which means that much knowledge is insufficiently used. There is also not a productive spirit in work because low personal income does not motivate workers to use their abilities to the maximum. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6 Oct 82 p 1]

CROATIAN JOINT PROJECTS--On Tuesday the Croatian Economic Chamber's social council for coordinating action in pooling labor and resources in underdeveloped republics and Kosovo confirmed six new programs for which OURs in Croatia have concluded self-management agreements with partners in Bosnia-Hercegovina, Kosovo, and Macedonia. In 1982 thus far a total of 86 such agreements have been concluded with underdeveloped areas in Yugoslavia and 9.6 billion dinars have been pooled from the Fund of the Federation. Most of the joint projects have been in Bosnia-Hercegovina (51 with 4.8 billion dinars, from the fund) then 23 projects in Macedonia (2.1 billion dinars), 10 in Kosovo (2.5 billion dinars), and 3 in Montenegro (123.6 million dinars from the fund). [Excerpt] [Zagreb VJESNIK in Serbo-Croatian 27 Oct 82 p 12]

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